IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

IN RE NATIONAL PRESCRIPTION OPIATE LITIGATION	MDL No. 2804 Case No. 17-MD-2804
This Document Relates to:	Hon. Dan A. Polster
The County of Summit, Ohio, et al., v. Purdue Pharma L.P., et al. Case No. 17-op-45004	
The County of Cuyahoga v. Purdue Pharma L.P., et al. Case No. 18-op-45090	
City of Cleveland, Ohio v. Purdue Pharma L.P., et al. Case No. 18-op-45132	

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Monday, December 3, 2018

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HIGHLY CONFIDENTIAL - SUBJECT TO FURTHER

CONFIDENTIALITY REVIEW

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Videotaped deposition of ROBERT BROWN, held at Foley & Lardner LLP, One Biscayne Tower, 2 Biscayne Boulevard, Suite 1900, Miami, Florida, commencing at 9:26 a.m., on the above date, before Susan D. Wasilewski, Registered Professional Reporter, Certified Realtime Reporter and Certified Realtime Captioner.

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I N D E X

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(Attached to transcript)

E X H I B I T S

(Attached to transcript)

E X H I B I T S

(Attached to transcript)

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THE VIDEOGRAPHER: We are now on the record. My name is Jeff Fleming, I'm a videographer for Golkow Litigation Services. Today's date is December 3rd, 2018. The time is 9:26 a.m.

This video deposition is being held in Miami, Florida, in the matter of National Prescription Opiate Litigation, MDL Number 2804, for the United States District Court, Northern District of Ohio, Eastern Division.

The deponent is Robert Brown. Counsel will be noted on the stenographic record.

The court reporter is Susan Wasilewski and will now swear in the witness.

THE COURT REPORTER: Sir, would you raise your right hand?

Do you solemnly swear or affirm the testimony you're about to give will be the truth, the whole truth, and nothing but the truth?

THE WITNESS: I do.

THE COURT REPORTER: Thank you.

MR. NOVAK: Before we begin, I'd like to just put the appearance of counsel on the record. This is Paul Novak and also Attorney Tiffany Ellis of the Weitz & Luxenberg firm on behalf of

the Track One Plaintiffs pursuant to a notice of deposition that was issued for the deposition today under the Federal Rules of Civil Procedure and the deposition protocol.

Can the other counsel place their appearance on the record?

MR. MATTHEWS: Good morning. It's James Matthews of Foley & Lardner for Anda, Inc., and for the witness.

MS. LUND: Juli Ann Lund from Williams & Connolly for Defendant Cardinal Health.

MS. HERRERA: Sujey Herrera from Reed Smith for Defendant AmerisourceBergen Drug Corporation.

MR. NOVAK: And counsel on the phone want to place their appearance on the record?

MR. HENNESSY: Good morning. This is Sean Hennessy from Arnold & Porter on behalf of the Endo and Par Pharmaceutical defendants.

MS. BORSAY: Good morning. Casteel Borsay with Jones Day on behalf of Defendant Walmart.

MS. CHARLES: Good morning, Amber Charles with Covington & Burling on behalf of Defendant McKesson Corporation.

MR. NOVAK: Any other counsel on the phone?

(No response.)

MR. NOVAK: All right. We've marked as Deposition Exhibit Anda-Brown 1 the Notice of Videotaped Deposition for today, really more for record purposes than anything else, but I'll hand a copy to counsel if they need or want it.

(Anda-Brown Exhibit 1 was marked for identification.)

ROBERT BROWN, called as a witness by the Track One Plaintiffs, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. NOVAK:

Q. Good morning, Mr. Brown. Could you state your full name for the record?

A. Robert I. Brown.

Q. Okay. And where do you currently live?

[redacted]

Q. Okay. How long have you lived at that address?

A. Since December 2013.

Q. I'd like to start by having you talk a little bit about your educational background and employment history prior to working at a time for Anda.

Can you give me a summary of just your educational background?

A. Okay. I have a bachelor of arts degree from the University of Michigan majoring in history and political science, graduating December 1976, and I have a law degree from Wayne State University law school in Detroit, graduating December 1986.

Q. Okay. Can you give me a brief description of any employment work you had in the pharmaceutical industry prior to working for Anda?

A. Prior to working for Anda, I was the senior vice president and general counsel for the Harvard Drug Group that was headquartered in Livonia, Michigan, and I was at that position from April 2006 to April 2012.

Q. Okay. Is it fair to say that the work at the Harvard Drug Group was your only work in the pharmaceutical industry prior to your time at Anda?

A. Yes.

Q. Okay. And what did you do -- or actually, I'll start over.

Can you describe for me generally what type of company Harvard Drug Group was?

A. Harvard Drug Group was a secondary supply wholesaler to the pharmaceutical industry primarily

pharmacies, as well as some other types of companies that sold pharmaceutical products and long-term care and some -- a few hospitals.

Q. Okay. In the beginning of that answer you used the term "secondary supply wholesaler."

A. Correct.

Q. Can you give me a description as to what that term means?

A. Yes. In the pharmaceutical distribution industry there are three major primary wholesalers, AmerisourceBergen, McKesson and Cardinal that probably account for somewhere from 92 to 94 percent of the business that is conducted in wholesale pharmaceuticals. Secondary, there are a number of secondary suppliers that assist their customers who may need items that their primary wholesaler does not carry at a particular time or there may be a certain brand -- brand is a bad term. I was going to say SKU but I don't know if that translates well. But you have multiple manufacturers who make a certain product in most cases and maybe the primary, you know, carries three of those manufacturers, maybe a secondary carries a fourth that is desirable to certain customers of that pharmacy, so they'll purchase from a secondary supplier for items that

they may not be able to get from their primary wholesaler.

Q. Okay. I think we'll explore that a little more later --

A. Okay.

Q. -- this morning.

A. Okay.

Q. But I appreciate your answer. By the way, I usually give a few instructions at the beginning of the deposition, which I just completely skipped over, so I'll do them now.

A. Okay.

Q. I want to make sure that when I ask questions, make sure that your answer is verbal. It's difficult for the reporter to transcribe nonverbal answers, although they will get picked up on the videotape.

Secondly if there is any question that I ask that you don't understand or feel needs to be rephrased, let me know, and I'll try to rephrase it in a manner that makes sure we're both on the same wavelength.

We've talked a little bit about your experience at Harvard Drug Group. Was Harvard Drug acquired at some point?

A. Well, I guess at what -- acquired and at what time, because there were several transactions both before I arrived at Harvard and after I left. So I guess I'm trying to get some clarification on time period or, you know -- because --

Q. Let me -- I'll ask a different question.

A. Okay.

Q. Is Harvard Drug Group still in existence today?

A. My understanding is that when Cardinal Health purchased Harvard, I believe in 2014, and I believe that the name Harvard is no longer utilized in the industry. I think it was merged into Belco, I believe.

Q. Okay.

A. But that was -- I -- just to clarify, that was after I left Harvard.

Q. Yeah. Can you give a general description as to what your responsibilities were at Harvard Drug?

A. They were varied because it was senior vice president of business development and general counsel, so I was responsible for external acquisitions, we did five when I was there, and I was responsible for finding the acquisitions and vetting them and organizing the due diligence

process and working with the outside counsel and accountants to -- to finalize the agreements and help with the integration of those companies.

I was responsible for all company internal agreements that dealt with vendors, with customers, with credit. I was responsible for -- we had several offices throughout the country. I was responsible for various leases. I was responsible for managing our veterinary distribution -- First Vet, which was a division of the company.

And, really, you know, worked -- we also had a private label company that was incorporated into Harvard called Major Pharmaceuticals. I was involved with the contracts that were there. I worked with pretty much every department, including compliance.

Q. Okay. That was where I was going next.

A. Okay.

Q. Can you describe for me what your responsibilities at Harvard Drug were as it related to compliance?

A. It was overall working -- working with the compliance department and external counsel who compliance -- the compliance department really had more of the interface, direct interface, because

they had been there -- they had all been people that had been worked with before I got there, but basically, you know, helping -- assisting when it was necessary or when it was appropriate for me to be involved with any contracts they had, any product registrations, through Major, through any -- and that role changed, I will tell you.

When I first got there it was more, you know, legal working with customers. As time went on, and particularly after the -- a consent judgment following -- or consent following a suspension order was issued, I was -- I was the main person in working with both the DEA and the administrative law judge in ensuring that we got our license restored and that we developed processes and procedures to ensure that we would not have those issues again with respect to controlled substances.

Q. Okay. The suspension to which you referred in the last part of that answer, was issued by the DEA against Harvard Drug?

A. Yes. I mean, signed by an administrative law judge in June 2010.

Q. Okay. And can you describe for me the circumstances which led to the DEA issuing a suspension of Harvard Drug?

A. At -- I'll try to put it in some context, because this was something that was taking place throughout the industry with the awareness of opioid distribution, so-called pill mill, both in, you know, in Florida and other places, and Harvard was one of the distributors that was probably, you know, caught, you know, like most of the industry, where probably didn't, in hindsight, didn't probably have the diligence that certainly has now in terms of vetting customers and really, you know, examining the types of customers and also the volumes of controlled substances that were being sent or distributed to pharmacies and, in some cases, physicians as well.

Q. Were there particular types of controlled substances that were the subject of the DEA's suspension order against Harvard Drug?

A. It was primarily oxycodone. There was some hydrocodone products, but it was primarily oxycodone.

Q. And the DEA concluded that Harvard Drug didn't exercise the requisite amount of due diligence in adhering to suspicious order monitoring requirements as it related to oxycodone?

MR. MATTHEWS: Objection.

MS. LUND: Objection.

A. I think it was more -- it wasn't just suspicious orders. It was an overall -- I would say an overall due diligence in terms of customers, customer vetting, in terms of, you know, knowing -- knowing your customer. And while that isn't, you know -- it may not be written that is a require -- that is something that is a requirement, to know your customer, and I think they concluded that there were certain customers that the company knew or should have known required additional scrutiny.

Q. Okay. How is it that you came to work for Anda?

A. The way it worked was Harvard was acquired by a company called Court Square Partners. It was a private equity firm. The CEO, who had hired me, and the president had retired and basically they brought in a new executive team and they replaced pretty much all the prior senior management. I was retained as senior -- as a general counsel, but they had -- they were coming to a point where, you know, they were looking into the future to -- private equity, you look to sell the company, and, you know, if you can eliminate people that -- salaries, I don't say people, positions, you know, it probably

excels better and they made a determination they didn't really need a general counsel, but the CEO of -- who was the CEO, Terry Haas, had told Jay Levine, who was the former president of Harvard, look, Robert is doing a great job for us, I don't want to see him out of a job, and that he knew that Jay was -- had a very good relationship with Anda and with Al Paonessa, who was the president of Anda and he said, why don't you explore, even though Anda was a competitor, why don't you see if they need somebody who can do this.

And it turned out that Anda was looking for a director of regulatory compliance focusing on DEA and controlled substance issues, and because, as I mentioned, once we had the suspension, I kind of became immersed in working with our DEA counsel, and our local counsel with respect to the administrative law judge, as well as the DEA directly, and internally to develop better systems and processes so that we could get our license back, which we did, and they were looking for someone to specialize in that area, and they interviewed me and I began work there on -- the end of April 2012.

Q. Okay. Who was it at Anda who interviewed you for the position?

A. It was -- there was a phone interview with Al Paonessa, who was the president, and Michael Cochrane who was the executive director of regulatory compliance. He was responsible for licensing, for the operations of -- the compliance operations of all the warehouses, which at that time were two. He had all the different responsibilities and he really wanted somebody to focus on the controlled substance issues.

So Allen -- Michael interviewed me by phone and then in my in-person interview, Al and Patrick Cochrane, who was the Vice President of Operations, and I think it was some of the senior sales and purchasing executives. It turned out that the day I came down for my interview, Michael's son was born and so he wasn't able to attend my interview.

Q. Okay. In the interview process, were there any particular responsibilities that were conveyed to you as the types of things you would be working on?

A. Well, primarily to ensure that we were selling -- basically to ensure that we were selling the right products to the right customers and being able to vet -- having enough information on each customer to have systems in place to look at each

customer and determine are these the customers that we -- that we need to sell to and what are we selling to them. That was the basic responsibility that I was told.

Q. And was there a particular emphasis, as you were interviewing for the position, on selling the right product to the right customer as it related to opioids?

A. Yes. It was controlled substances, so making determinations, should we sell controls at all, are these the right -- to these customers, you know, on a customer by customer basis, should we sell controls, you know, what quantities. If we agree that we're satisfied, what quantities, what products and really make sure that we had systems in place to look at each customer and make a good determination to protect the company.

Q. As you were exploring the prospect of working for Anda, did they describe to you, that is representatives of Anda, any particular regulatory challenges that they faced?

MR. MATTHEWS: Objection.

A. I mean, they really didn't -- that did not come up in the discussions that we had, no.

Q. Did anyone at Anda discuss with you

outstanding regulatory compliance issues that the company had with the DEA?

A. Not during my interview process.

Q. Okay. What else did you do to familiarize yourself with Anda prior to taking the position?

A. Basically, you know, learned about the company, went on the website, looked at, you know, where -- what their position in the industry was, who some of the key people were, some of the -- found out some of the customers. Because Harvard and Anda did share customers. Now, again, I mean, so I wasn't looking for sales information or pricing or any of that, but just to understand, you know, the type of business that Anda had.

Q. Now, you had earlier characterized Harvard Drug as a secondary wholesaler.

A. Correct.

Q. Is that an accurate description of Anda as well?

A. Yes, it is.

Q. Okay. And in particular, was it your understanding coming into the position at Anda that they were a secondary supplier, for the most part, as it related to opioid products?

MR. MATTHEWS: Objection.

A. Yes. Yes.

Q. Okay. Prior to your time -- I'll start over.

When you were at Harvard Drug, did you participate in any industry trade associations that dealt with the wholesale distribution of pharmaceutical products?

A. I'm trying to think of the time frame. I certainly read up on different items. I did go to some industry conferences and also I did -- because again, my role was multifaceted. I also went to different conferences that were learning about different aspects of the pharmaceutical industry in general, and in many cases looking for what would be a, you know, potential add-on for the company and maybe a little bit out of the traditional, you know, pharmaceutical distribution but maybe like to either different products or different customers.

So yes, I did go to industry conventions or seminars and I also read up on these and I -- and also after we had our issues with the DEA, I did go to some industry conferences to -- from HDA to become more conversant with what others in the industry were doing as well as what the HDA had recommended and what they were doing with respect to

DEA.

Q. Okay. You referred to HDA in that answer. Can you tell me what HDA is?

A. Well, it's now called -- it's now HDA, Health Distribution Association. It's the major industry representative. It used to be HDMA, Health Distribution and Management Association, but it's now primarily focused on distributors and it's based outside of Washington, D.C.

Q. Okay.

MR. NOVAK: I'll have this marked.

(Anda-Brown Exhibit 2 was marked for identification.)

BY MR. NOVAK:

Q. We've had a document marked as Anda -- Deposition Exhibit Anda-Brown 2?

A. Okay.

Q. And the document is comprised of both an e-mail and an attachment. The e-mail sent to Robert Brown from Michael Cochrane with -- bearing the Bates number Anda_Opioids_MDL 85677, and then the attachment is a multipage document bearing the Bates number Anda_Opioids_MDL 85679 and continuing through 85690.

A. Uh-huh.

Q. Mr. Brown, is this an e-mail and attachment that you would have received during your employment with Anda from Michael Cochrane?

MR. MATTHEWS: Objection.

A. I -- based on what I'm seeing, it appears that's the case. I don't have -- I don't have firsthand recollection of this, but yes, it -- you know, it's -- it look -- it certainly appears that I was -- that Michael sent me this survey and I'm sure I reviewed it, if I -- although again, I don't have -- I don't have firsthand recollection at this -- as we sit here today, but it certainly looks like something that I would have received.

Q. Okay. Now, at the top, in the portion of the document that is the e-mail from Mr. Cochrane to you, it simply says: See below, we should go.

And that appears to be referencing a potential DEA-HDMA meeting that HDMA was attempting to schedule.

A. Uh-huh.

Q. Do you recall whether you actually attended the meeting that's referenced in this document?

A. You know, I don't recall and to be -- again, I'm -- I don't really want to speculate, but I'm just not sure if that meeting was ever actually

held.

Q. Okay. Let me ask you more generally. What was your understanding or, well, actually, I'll take a step back and ask a different question.

During your time at Anda, did you participate in any HDMA regulatory committees?

A. Not committees. I believe Michael was on those, so I don't -- I don't believe I participated on the committees themselves.

Q. Okay. In addition to committees, HDMA provided conferences to educate industry participants in regulatory compliance matters?

A. Yes, they did.

Q. Okay. Did you participate in those?

A. Yes.

Q. Okay. Did you review HDMA publications designed to educate industry participants about regulatory compliance?

A. Yes.

Q. Were there particular compliance publications that HDMA issued that you were knowledgeable of?

A. I can't recall offhand but I -- I do know that -- I don't know if it was publications or e-mails or, you know, certain items that were

distributed to industry, and yes, I would have -- I would have reviewed those. I'm not sure how to quite characterize them but yes, I certainly did review various HDMA recommendations, pronouncements, et cetera.

Q. Okay. If you turn to the page of Deposition Exhibit Anda-Brown 2, bearing the Bates number 85679.

A. Okay.

Q. There is a reference in the first bullet point to a document titled: HDMA Industry Compliance Guidelines, Reporting Suspicious Orders and Preventing Diversion of Controlled Substances.

Do you see that reference?

A. Yes, I do.

Q. Does that refresh your recollection as to one of the publications that, issued by HDMA, that you would have reviewed in your time at Anda?

A. I can't say specifically. I mean, I did review a lot of industry publications -- documents and so on. I mean, I can't particularly say. I mean, this was -- this looks like it was, you know, June 1st, 2011, which was before I got to Anda. I -- I mean I just -- I don't know.

Q. Okay. But your understanding is that HDMA

provided these industry guidelines to provide assistance to all the industry participants as it related to distribution and regulatory compliance?

MR. MATTHEWS: Objection.

MS. LUND: Objection.

Q. You can answer.

MR. MATTHEWS: You can answer.

A. My understanding is yes.

Q. And you participated in industry conferences from time to time?

A. Yes.

MR. NOVAK: We'll have this marked as Anda-Brown 3.

(Anda-Brown Exhibit 3 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as deposition Exhibit Anda-Brown 3, a document that appears to be an e-mail from Robert Brown to a number of different participants, which also forwards an HDMA weekly digest. The Bates number for the document is Anda_Opioids_MDL 598068 through 598071.

And let me ask just a couple general questions as it relates to Anda-Brown Exhibit 3. The first one relates to the weekly digest. Were

those reports that you received on a weekly basis during your time as the director of regulatory compliance at Anda?

A. Yes.

Q. And was there useful information conveyed on those as to things going on in the industry?

MR. MATTHEWS: Objection.

A. Yes.

Q. Okay. In particular, if you look at Anda-Brown 3, the page ending in 598069, there is reference -- there is reference at the top of the page to a 2015 distribution management conference and expo to explore critical supply and chain topics.

Do you see that reference?

A. Yes.

Q. Okay. And under that there are a number of what are referred to as session highlights. Do you see that reference?

A. Yes.

Q. One of which is a bullet point entitled: Applying ARCOS Data Analysis to Suspicious Order Monitoring Programs.

Do you see that?

A. Yes.

Q. Do you know whether you attended this particular HDMA distribution management conference?

A. Yes, I did.

Q. Okay.

THE VIDEOGRAPHER: Perfect.

Q. Did you attend the session of the distribution management conference dealing with the application of ARCOS data to suspicious order monitoring programs?

A. I can't recall specifically, but I would -- without getting into speculation, I believe I would have, I just can't specifically recall. Sitting and doing, but yes, that would have been something I would have done.

Q. Well, let me ask more generally. Can you describe for me your understanding as to how ARCOS data might be used for purposes of facilitating compliance with suspicious order monitoring requirements?

A. What the DEA requires is that orders of Schedule II and Schedule III narcotics are submitted, each distributor is -- manufacturer and -- I'm trying to remember -- certainly, actually, pharmacy are required to submit those reports to the DEA and the DEA uses the data the way

they would use it and, you know, if -- I don't really want to speculate because the DEA doesn't, frankly has not in the past shared a lot of information about the ARCOS data that they receive based on, I guess, what they claim are privacy concerns, so they haven't really shared, you know, the exact way they use it, but certainly I would -- by getting information of what products are sold to which customers and which and how -- and the quantities and by how many sources, you know, I'm sure that that -- I would think that would help them in some of their analysis in determining trends in the industry and maybe specific customers, but again, I would say that some of that is speculation only because they don't share the specifics of how they utilize it.

Q. Okay. My question, I think, is a little different. What I'm asking is are there particular uses of ARCOS data that Anda would use for purposes of facilitating suspicious order monitoring compliance?

A. I would certain -- certainly the information that is used in -- to prepare the ARCOS reports is absolutely utilized. I -- I'm not sure I would characterize it that it would be the report itself.

It's really the data and the information that goes into those: Sales reports, sales history, you know, for each customer, per product, per what -- yes, and that -- and some of that information is shared in ARCOS but it's actually a lot broader information that Anda would use.

Q. During the time that you were employed at Anda, did the ARCOS data to which you had access, was it solely the data supplied by Anda?

A. Yes.

Q. Did you have access to ARCOS data supply -- let me step back for a second. I'll ask a different question.

At various times during your employment at Anda, they were a subsidiary of different drug manufacturers. Is that correct?

A. Yes.

Q. During the time, can you go through the different manufacturers who owned Anda?

A. To the best of my recollection, and there was a little -- when I got there, Watson Pharmaceuticals owned Anda. At some point, I want to say maybe 2013, but I'm not sure, Watson bought Actavis, but the Actavis name became the company -- you know, the overriding company, I guess, for

brands -- branding, and again, not -- not to be confused with brand drugs, but the brand -- it was a generic company.

And then in 2013 -- maybe 2013, 2014, Allergan bought Actavis, and they used that name as the encompassing, and Allergan was a brand manufacturer and was buying -- you know, was getting generics. It was buying a generic -- bulk buying the product.

Q. Okay.

A. And then, well, of course, before I left, Teva then bought -- in 2016 Teva bought -- well, they bought -- they bought the generic products from Allergan and then they also acquired Anda.

Q. Okay. Before we went into that chain of ownership, we were talking about ARCOS data. During the time you were employed at Anda, did you have access to the ARCOS data submitted by any of the manufacturers that you just identified?

A. No.

Q. Okay. So you didn't have access to Watson's ARCOS data?

A. No.

Q. And not Actavis's?

A. No.

Q. Or Teva's?
A. No.
Q. Or Allergan's?
A. Correct.
MR. NOVAK: Okay. Why don't we take our first break.
THE VIDEOGRAPHER: Off the record, 10:06 a.m.
(Recess from 10:06 a.m. until 10:25 a.m.)
THE VIDEOGRAPHER: On the record, 10:25 a.m.
BY MR. NOVAK:
Q. Okay. We're back on the record. Mr. Brown, we talked a little bit about the discussions you had with Anda employees and officers in the interview process. We didn't really go through what your job responsibilities actually were when you began with the company. Can you describe those for me?
A. There were, under regulatory compliance that Michael, Michael Cochrane was executive director, there was a licensing division or subset, and a controlled substance subset, and I was responsible for the controlled substance division of, if you will, of regulatory compliance and when I came there were two people who were analysts who reported to me, and then the other -- the licensing -- the people they reported to Emily Schultz.

Q. Okay. The people who reported to you were who?

A. Sabrina Solis and Mary Barber.

Q. And what were your duties managing that controlled substance area of compliance?

A. I mean, the overall responsibility was to, one, review every customer who applied for -- to purchase controlled substance, substances. Those were new -- new control customers.

The other was to review current customers' purchases of controlled substances in terms of what they were buying, how much, all different -- all different factors to ensure that we really had a good handle on each customer buying controls.

The next part was if a customer, and we did have limits on the amount of controls that a customer could purchase in a given month and they were by family, so, for example, alprazolam, if it was 1,000 alprazolam a month, that would mean it didn't matter if it was two milligram, one milligram, .5 milligram, it was 1,000. So we would get requests from customers saying, you know, I'd like to purchase more alprazolam, I've reached -- I'd like to raise my limits, so we would analyze each one of those requests because they were done on

an individual basis based on the -- based on information that a customer would submit to justify why they would want a limit increase, and so those are the kind -- those are the kinds of things that we would do.

And, yeah, those were primarily -- it was really customer diligence at all different levels.

Q. Okay. In that answer you said you would analyze each one of the requests of a customer to increase their control limit.

A. Uh-huh.

Q. In answering that way, did you mean you personally or someone within your team?

A. It would either be Sabrina, Mary or myself. Each person in our team had authority to make decisions, but they were always free -- if they weren't sure, they were free to come to me and I would be happy to be -- not -- I would be the person responsible if they had a question, but they had -- they had authority. They were trained and Sabrina had been with the company seven -- seven, eight years by that time, Mary had been in compliance. I mean, they were both there before I was but she had a compliance background. So these were people that were trained and were experienced to make decisions.

Q. Okay. So the basic areas that we've covered so far that were your responsibilities when you started at Anda, were addressing new control customers, existing control customers, evaluating increases in controlled limits, and analyzing each of those requests.

A. Uh-huh.

Q. Were there additional responsibilities beyond those?

MR. MATTHEWS: Objection.

A. There were -- again, we -- we had a -- we had a very robust customer, due diligence customer review system, and the other component of that was an electronic system that would look at orders of controls and every order that came in, you know, would -- there would be orders that would be -- would be held for further review, and it was the responsibility of our team to look at each order and make a determination based on the information that we had on the customer as to whether that was a valid order, and if we needed more information, we would do that. If we didn't, that's -- we would make that decision. So that was -- that was the other part of it.

And one other item that we would do on

probably a quarterly basis, and this was actually Sabrina handled a lot of this because she was very good with data, we would go over -- we would audit let's say sales of -- pick a drug, hydrocodone, in a particular region and we would look at each -- each customer that was buying controls in that region and see what the numbers were, what the -- what they're buying, what strengths they were buying. We would compare that to other regions of the country, and then we would do other -- well, who are our highest carisoprodol or oxycodone purchasers and let's look at each one of those and then go back and see, what do we have on these customers, what's been their trends, et cetera. So we would spend a lot of time really, you know, not just analyzing the day-to-day, but going back, you know, several months or what have you and making comparisons, because we had, you know, all the sales data available that we were able to look at for each customer.

Q. Okay. How about recordkeeping requirements, were those part of your responsibilities as director of regulatory compliance?

A. In -- could you --

MR. MATTHEWS: Objection.

A. Could you be a little more specific on what

records were -- you're referring to?

Q. Well, did you have any responsibilities, as it related to, assuring that recordkeeping requirements for regulatory compliance purposes were adhered to?

A. I did not personally, if we're -- if you're referring to required, if we're talking about CSOS or 222 forms, no, I personally did not maintain those.

Q. Okay.

A. Now, on other records --

Q. Well, actually, we're almost to the point where we will get into some different records.

A. Okay.

Q. But I just want to be clear. If a DEA agent came to Anda's offices and asked, who is responsible for maintaining the records that we would like to look at?

What would the company's answer be?

A. Michael Cochrane.

Q. Okay.

MR. MATTHEWS: During what time period?

A. During the time -- you're talking about during the time I was there, correct?

Q. Yes. Yes.

A. And then -- well, then I -- during the time I was there, Jay Spellman, assumed that role afterward.

Q. Okay. Now, you've touched upon a couple different types of electronic systems that were in place or databases --

A. Uh-huh.

Q. -- at Anda and I'd like to go through a whole array of --

A. Okay.

Q. -- different types of electronic systems. One that you mentioned was CSOS. Can you provide a description as to what you meant by that term?

A. Yes. CSOS was actually, in fact -- CSOS is an electronic ordering system for control -- for Schedule II controlled substances. A customer -- it's used two ways. One, it's used for a distributor to purchase controls -- Schedule II controls from a supplier, so, for example, you know, if Anda is buying a product from Qualitest and it's a Schedule II item, they will submit that order electronically.

Likewise, if Jim's Pharmacy is -- submit -- is buying Schedule II products from Anda, they will submit an electronic order that is maintained by

both the customer and the supplier and it's a record and so it would go back and see each order and by quantity.

Q. When did Anda implement a -- by the way, what does CSOS stand for?

A. Controlled Substance Ordering System.

Q. Okay. Do you know when Anda implemented a Controlled Substance Ordering System?

A. I don't. It was before -- before I arrived there.

Q. Okay. Have you heard the term, TPS?

A. Yes.

Q. And what does TPS mean?

A. TPS maintains -- it's a -- it's a ingrown -- it's a home grown system at Anda that maintains certain sales data, sales history, and also current status of each customer. And it -- I mean, there are many usages -- there are many uses to it. I can also be, I didn't use it as much, you know, product pricing. You can look at price of different products, but it was widely used at Anda for many purposes.

For compliance, for example, a -- you go to the one page, you put in a customer number and when the customer name, address, would come up, their

current state of licenses, both their state and federal licenses, when they were -- when they expired, it would talk about whether -- it would show whether they were approved for controls, it would show whether they -- what documents they submitted.

So it would give a picture of that customer, and then from there you could go into other screens that would show what they have purchased by noncontrols, by controls, by product, by strength. So we used that extensively in our review and analysis.

Q. Were due diligence materials, with respect to particular customers, kept in the TPS system?

A. No, no. They were -- they were -- let me go back. They were noted either in the first page, where it would show customer questionnaire, yes, no, I think dispense report -- I think dispense report was on there. So it was noted whether they -- whether they were submitted, and there was a notes section in TPS for each customer that whatever determinations were made about a customer, whether they were approved, not approved, whether they were -- whether they were cut off, whether they -- limits were approved or not, or whether limit

increases were denied, that was in the notes section, but the actual materials for each customer were kept in a separate O drive by customer number, which was the same customer number that was used in TPS. The customer was assigned a number when they became a customer of Anda.

Q. That's just the customer account number?

A. Correct -- well, it -- yeah, I think it -- yeah, it is the customer -- I was trying to remember if it was the same account that was used for credit and others. I think it was.

Q. You said the due diligence materials for each customer are kept in the O drive.

A. Yes.

Q. Who is responsible for maintaining that?

A. Every time it -- sorry. We had -- again, we had a set of different people who were analysts in our group, so a customer would send in due diligence to let's say, Mary, they send in a customer questionnaire and dispense data. The first thing that she would be -- if she received it on her desk, the first thing she'd be responsible for is, one, putting it in the customer's file on the O drive, and then secondly, going into the TPS customer page and indicating that it was received and the date it

was received.

So each analyst would be responsible for ensuring that any time any customer information was received, that it was placed in the O drive. It could be as simple as an e-mail communication to a customer, and response to -- response from the customer. Whatever was there had to be placed immediately. Those files had to be updated and that was a requirement.

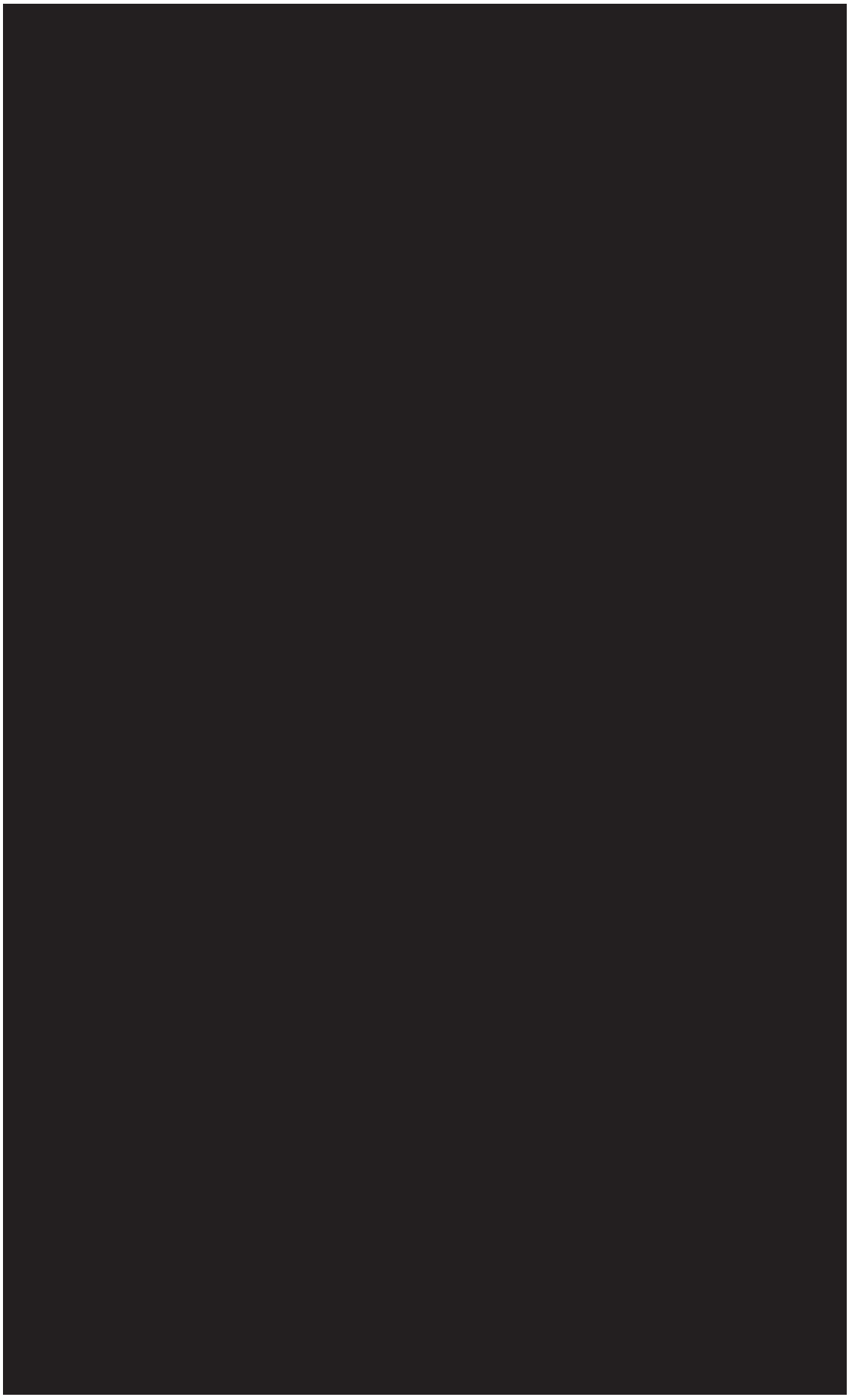
(Anda-Brown Exhibit 4 was marked for identification.)

BY MR. NOVAK:

Q. We've had a document marked as Anda Deposition -- or Anda-Brown Deposition 4, which is comprised of a single page bearing the Bates stamp, Anda_Opioids_MDL 546477, and then attached to that is a document produced in native format bearing the Bates number 546478.

We have brought an electronic copy of the document that was produced in native format, if we can put that on the screen, but I'll ask you a quick -- a quick question with respect to just the e-mail part.

[redacted]



[redacted]

Q. Okay.

MR. MATTHEWS: Just -- before we go on, I just want to put an objection on the record, that the spreadsheet which Mr. Brown is being asked about is produced today only in electronic form. And as I understand it, we're not going to be able to print a copy of what's been used to make a record of the actual document that was used here at the deposition, and so I object to that procedure.

[redacted]

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MR. NOVAK: Okay.

BY MR. NOVAK:

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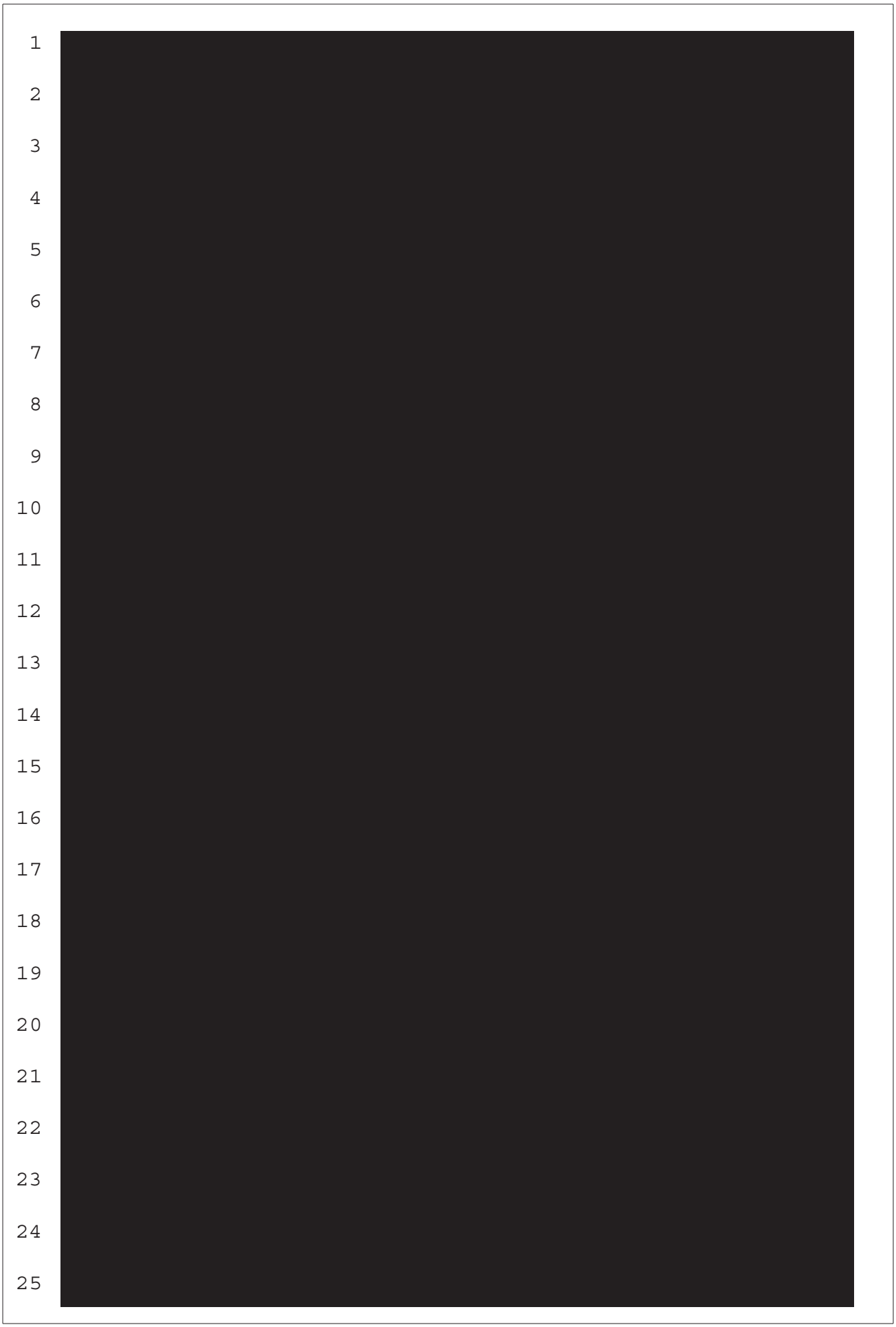
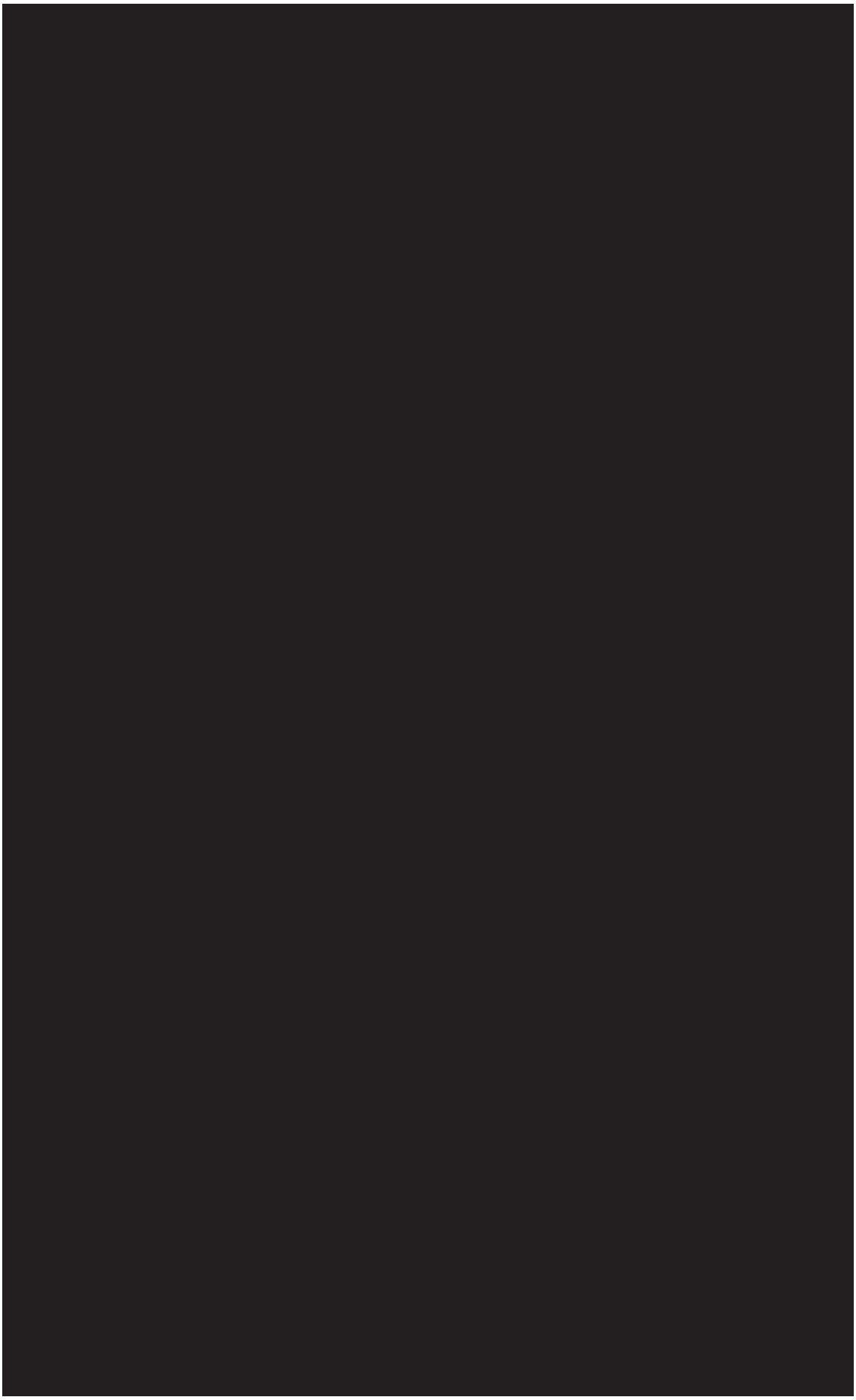
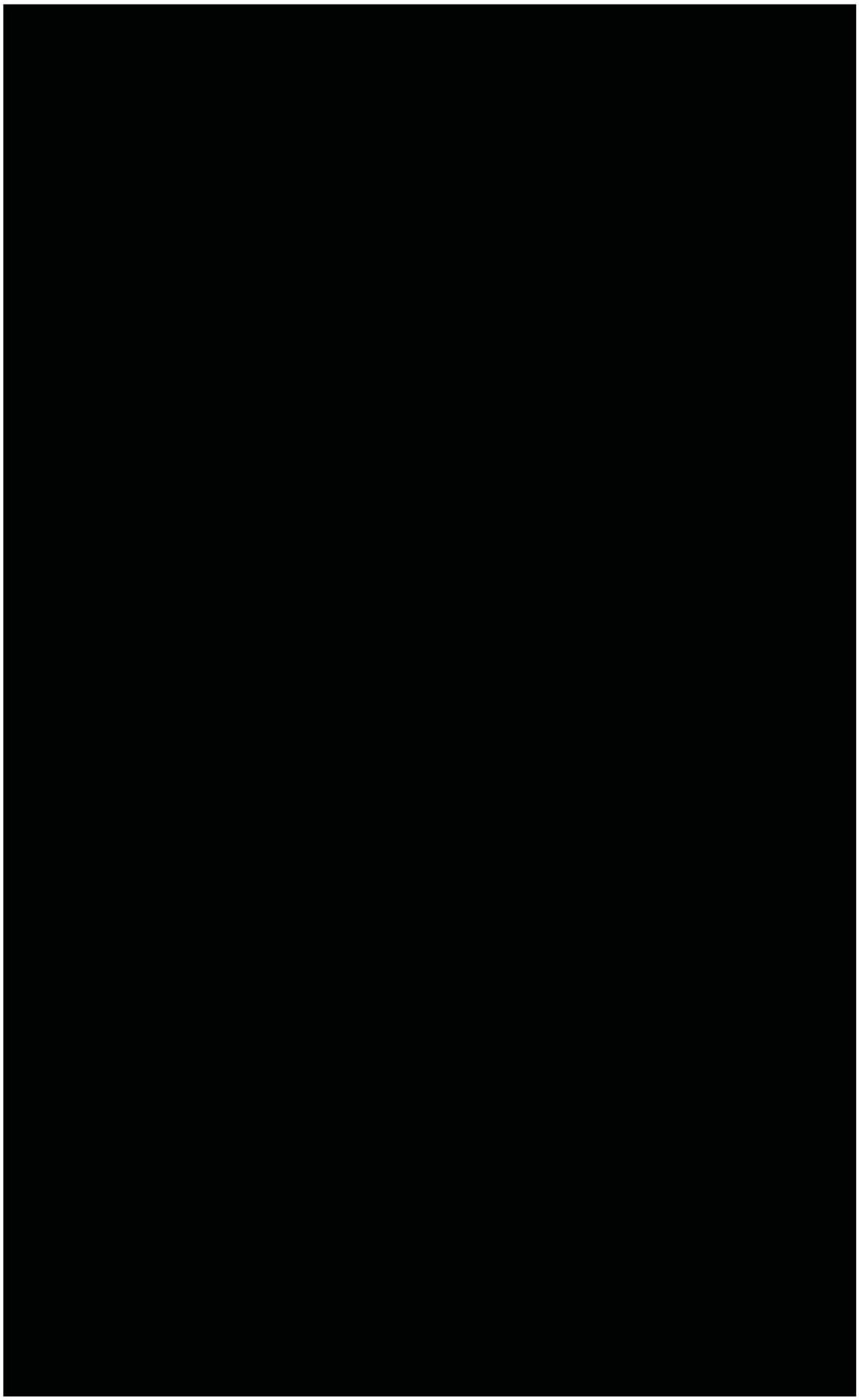






[redacted]

A. Leslie Harrington is a national account manager, so she was responsible for obtaining these types of accounts.

[redacted]

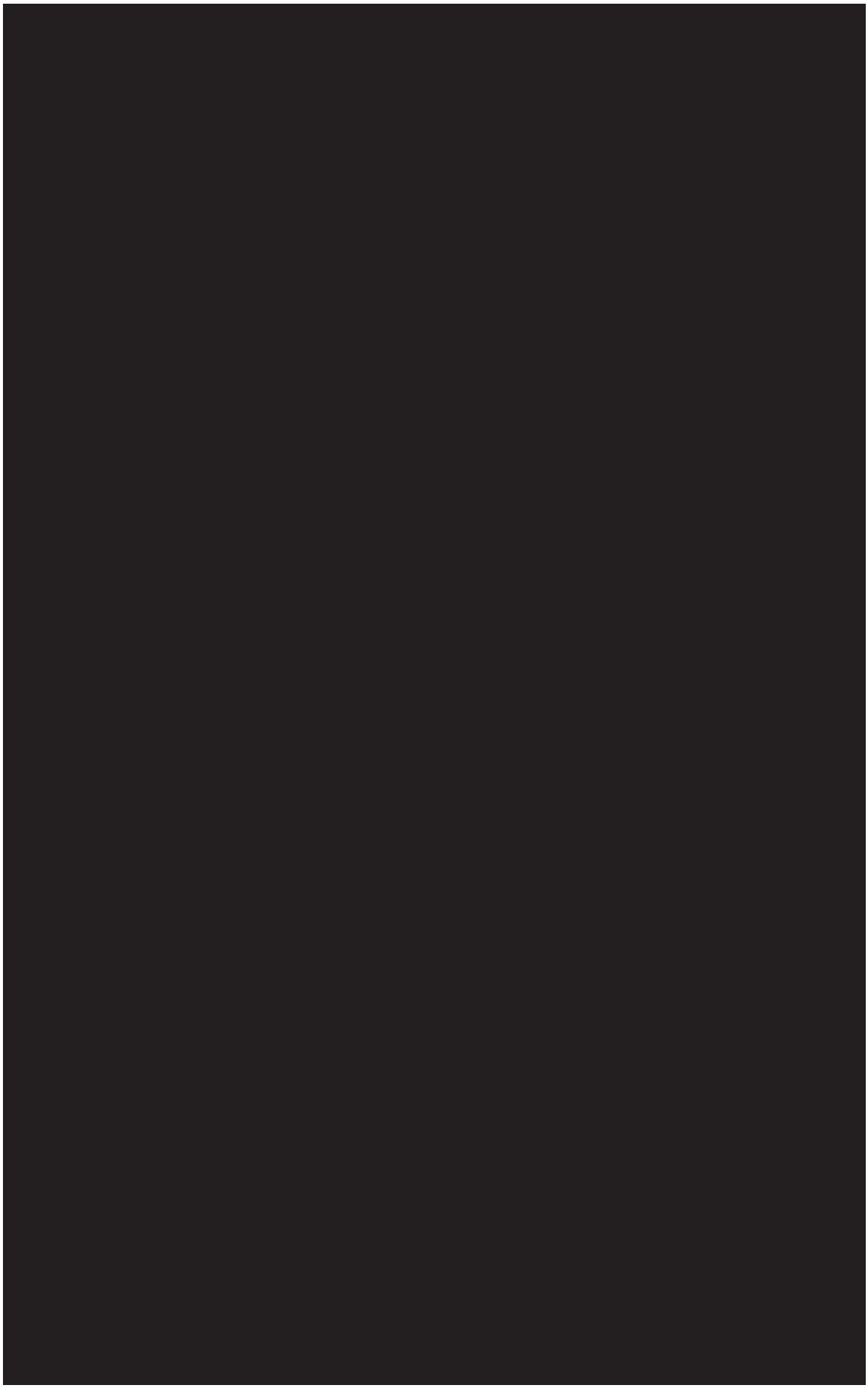
[redacted]

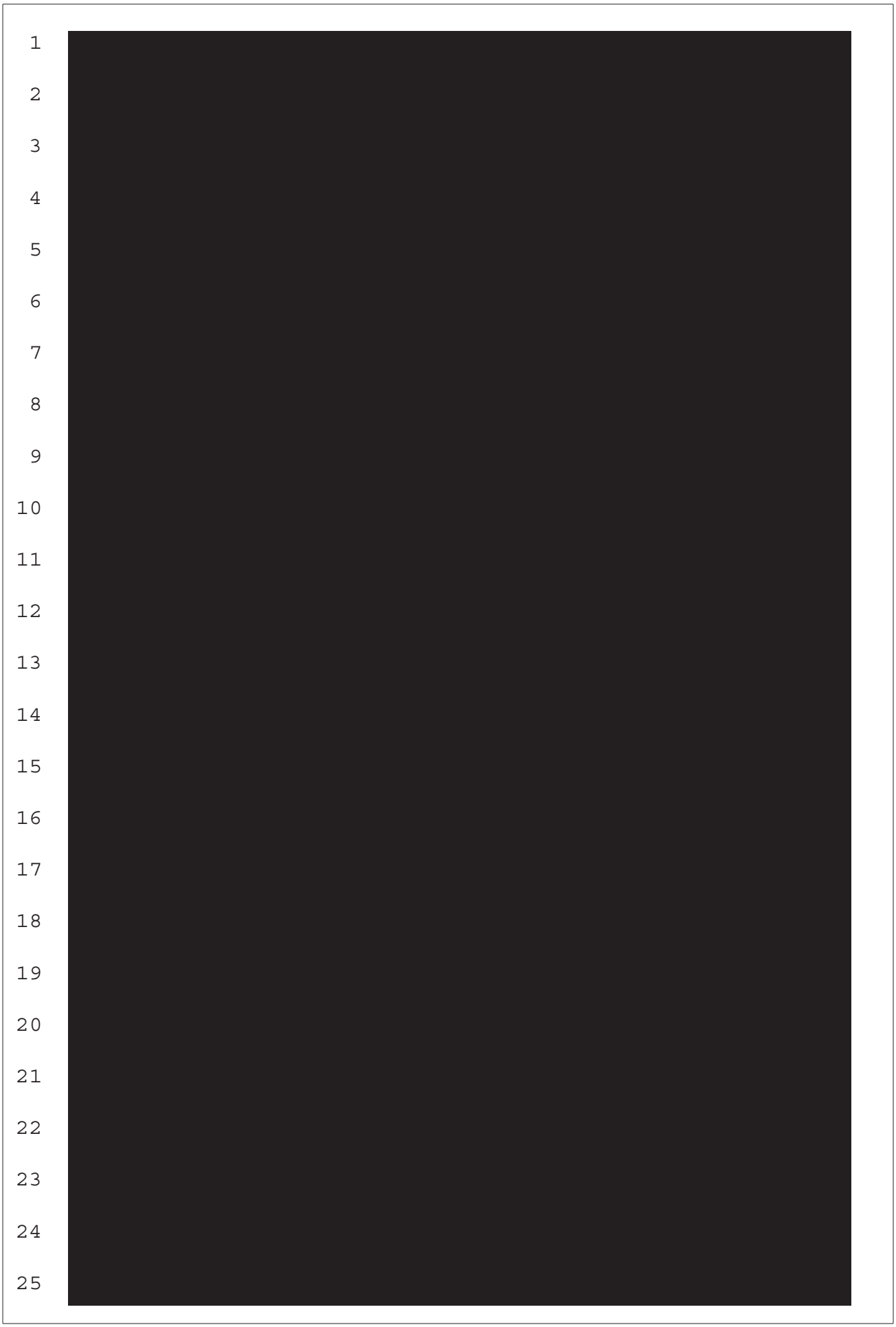
Q. Okay. And when you say Schedule II controls, that would include opioid products like OxyContin and fentanyl?

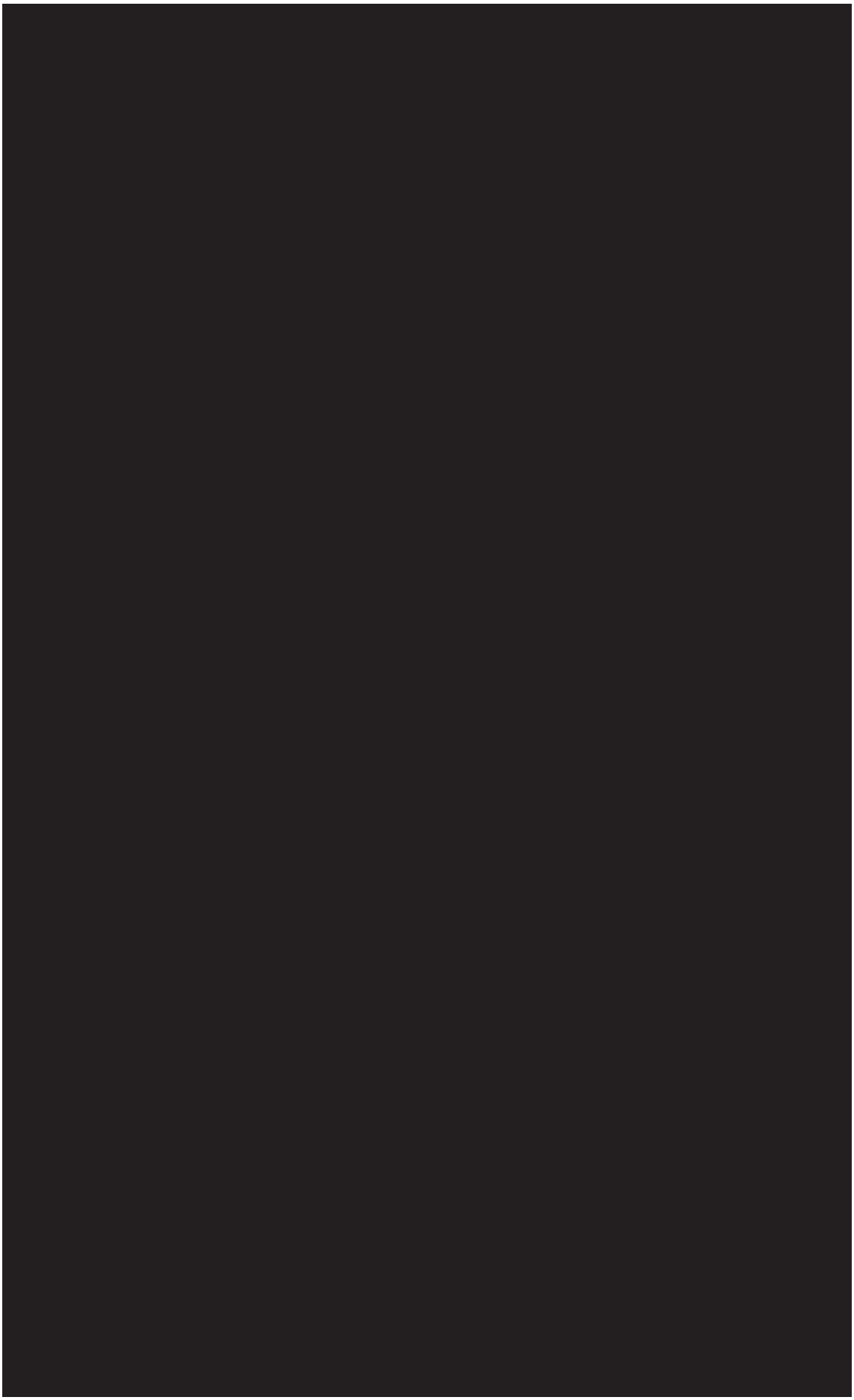
A. It may. There are nonopioid Schedule II products, so I'm not sure which products -- by this I couldn't tell which products she was -- she was looking at.

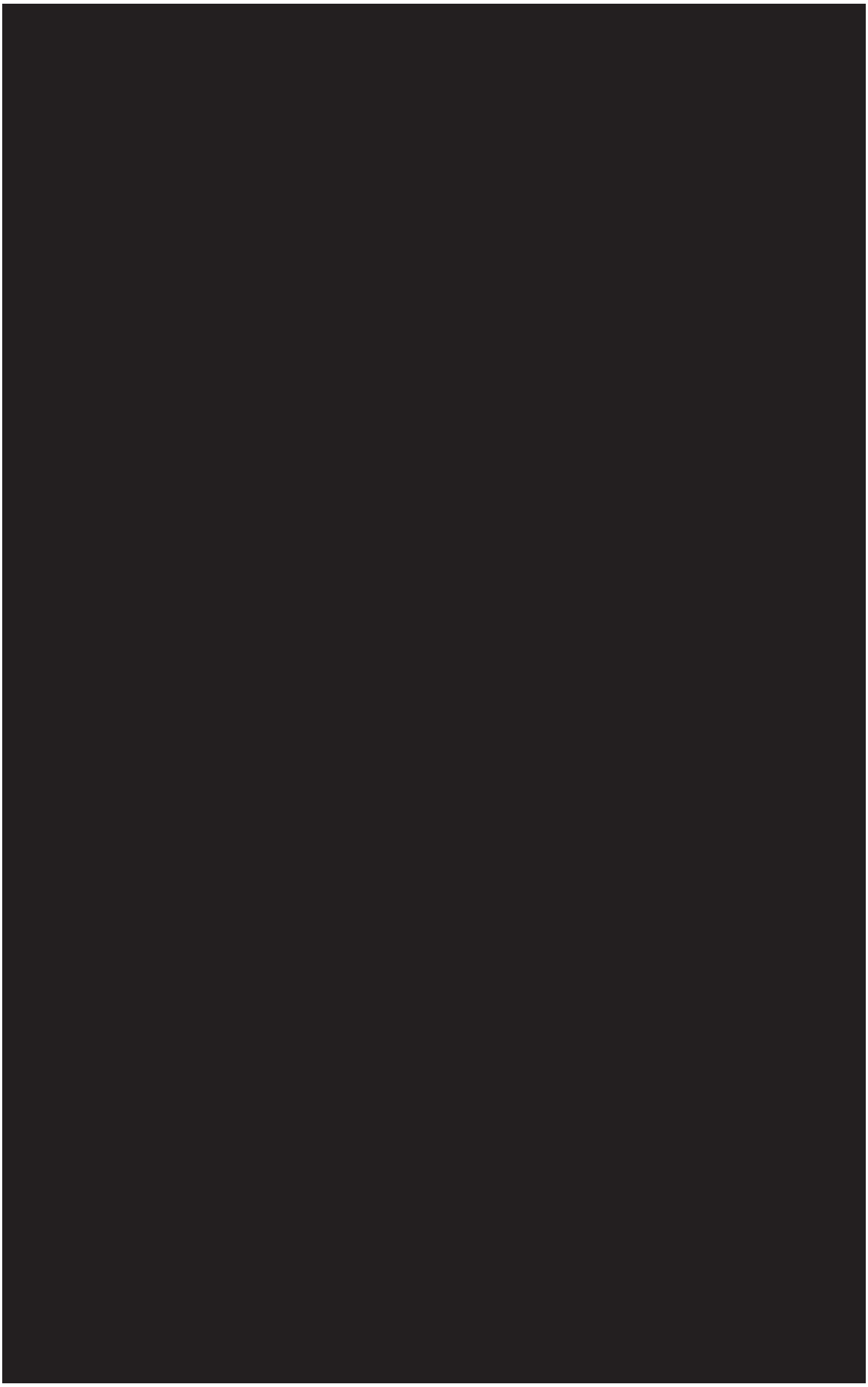
[redacted]

[redacted]









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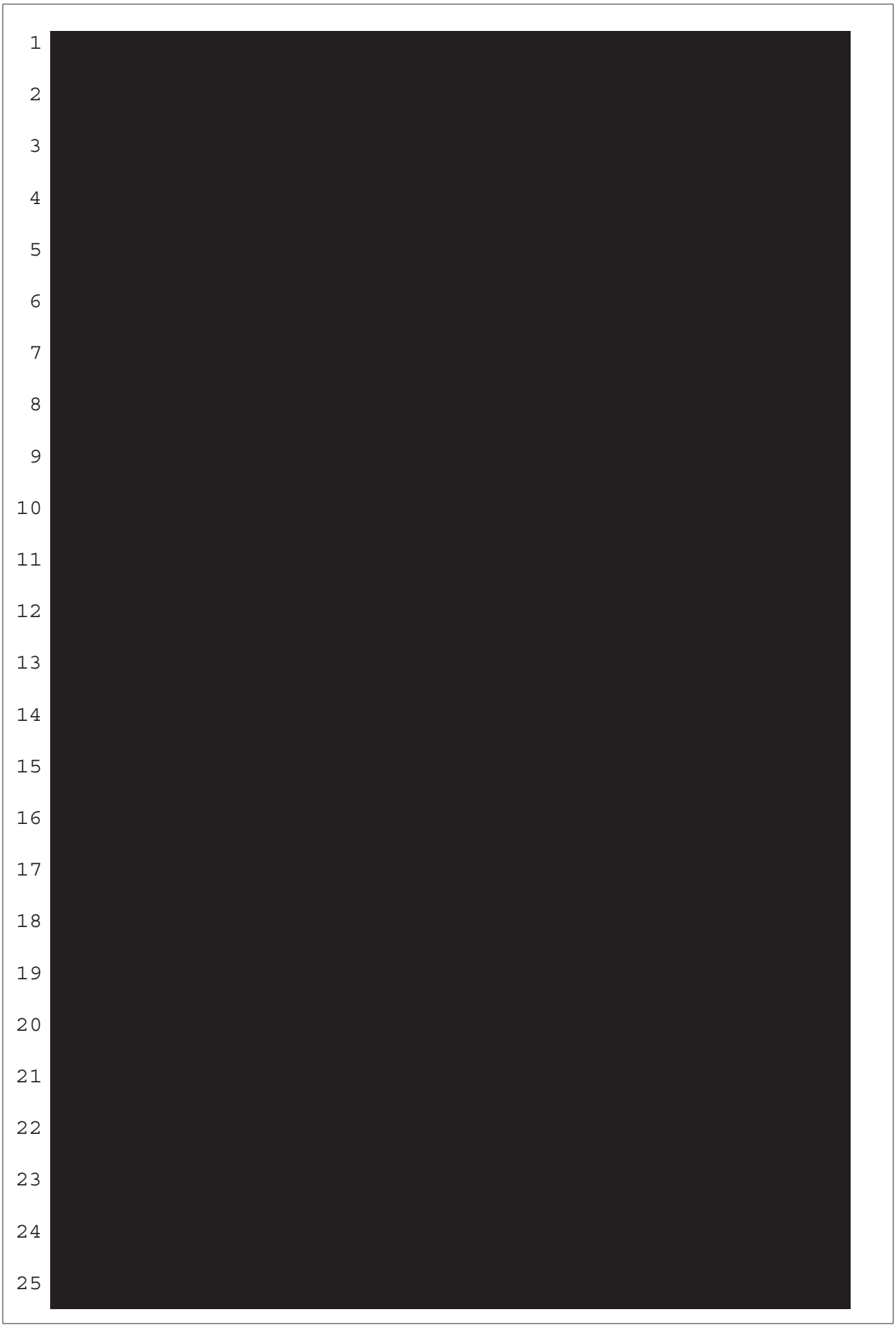
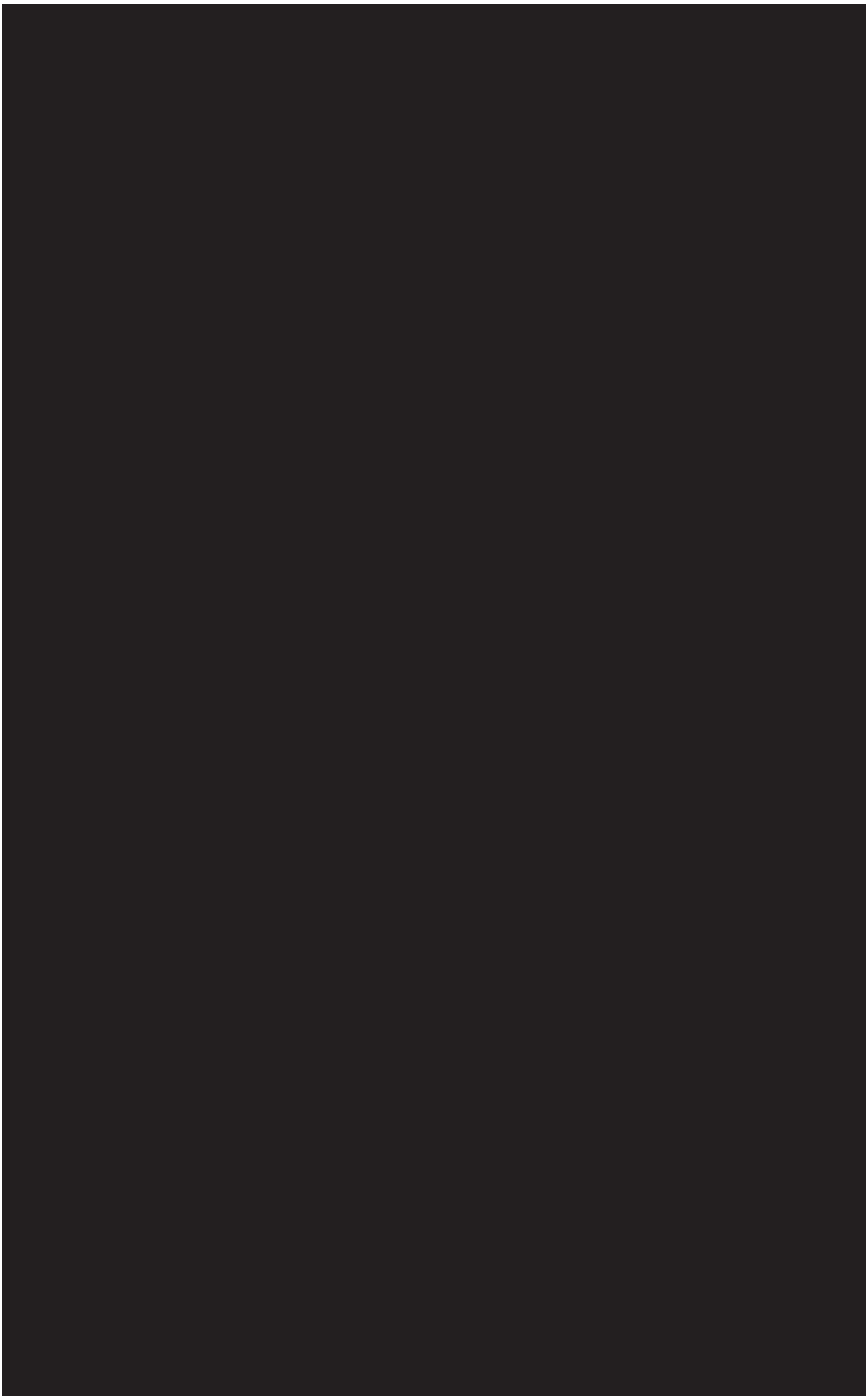
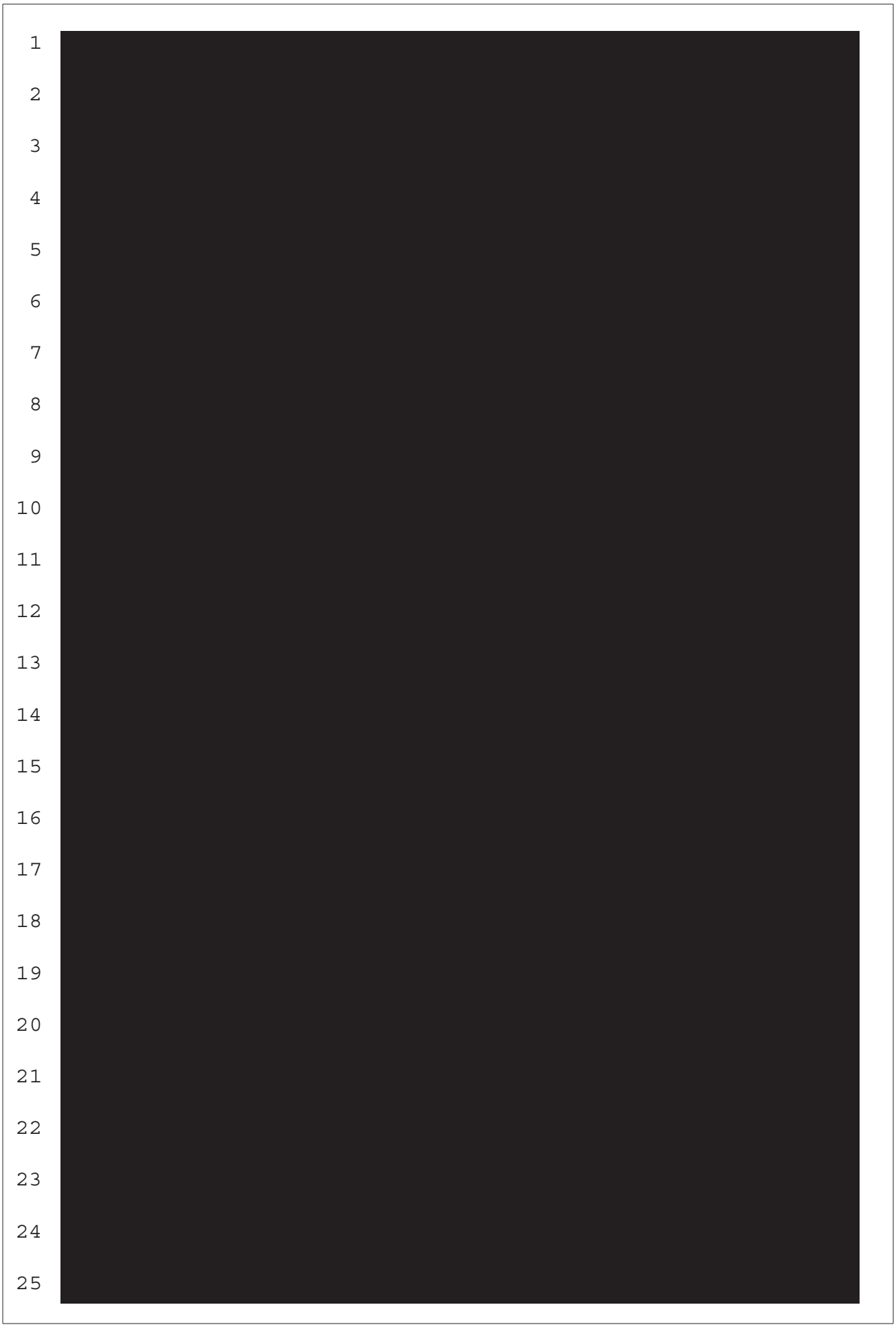






Q. Okay. Was part of your work in compliance at Anda, associated with performing some of the work necessary to either create a new sales account with the company or to expand upon what could be sold to existing accounts?

MR. MATTHEWS: Objection. I'm not sure that -- I'm not sure that really captures what our role was. I'll try -- I'll answer it to my -- I'm trying to understand the question. What our role was, that any sales opportunity that came to the company that involved the sales of controlled substances, had to be reviewed and approved by compliance before those sales would be permitted.

And I personally reviewed many of these customers myself. I personally did it. Some of the other members -- some of those other members of our team handled, we parsed out the work, but that was our responsibility. It was -- like I say, it was an approval or rejection process, and

making sure that all required information was received from each of these potential -- either potential control substance customers before they were approved to purchase controls.

MR. MATTHEWS: Objection.

A. I mean, there are -- you know, if it's an individual customer, individual pharmacy, you know, the pharmacy representative will notify the customer of the requirements of a customer seeking to purchase controls. First of all, it has to be an existing customer, and then that customer would be able to go to our website, print out a copy of the customer questionnaire that we required of each customer, they would fill that out, they would provide dispense data that -- 90 day prior dispense data for all products dispensed by that pharmacy by unit, dosage unit, individual dosage unit and number of prescriptions per item, and I believe -- I'm not sure what time frame, but I think at some point we started asking for their procedures for fill -- for

dispensing controls. We wanted to know what their procedures were.

And they would put that packet together. There was a fax number on the questionnaire and they would fax it in. It was a dedicated fax line to be submitted to compliance. And it could go right to compliance and that's how a customer -- a sales rep would say, this is what you have to do, and a customer would do it from there.

Or they could take the same documents and e-mail them to a dedicated compliance e-mail.

So that's, you know -- and for independent pharmacies, that was the most common way that sales would at least -- would notify their customer of the manner in which they were required to apply if -- to purchase controls if they so desired.

Q. Okay. How about for regional or national chains, how would that be communicated?

A. It would be -- well, this was one way. Another way would be that a national account manager would say -- and this happened sometimes, although, I can't recall a specific instance, but they would say, look, I'm working on this opportunity, I've got, you know, they want to purchase controls, here's their -- I'd like to set up a call with you

and I -- it could be somebody else I designate but in those cases it was usually me, and their compliance people and you tell them exactly what you need, let them know what is required and you guys can talk and see, you know, and so they understand what it is, so I'm not the messenger.

That would happen from time to time as well. More than time to time, it happened a decent amount of times.

Q. At the very beginning of that answer you said: Well, this was one way.

A. This was one way, yeah.

Q. What were you referring to when you said, "this"?

A. This -- this pipeline as a notification, but if it got more --

Q. Okay.

A. -- detailed, for example, if there was a new -- and I don't know if it ever came to fruition, but just using the Dale Hayes example, okay, you're talking to these people, if it ever got past that stage, all right, we know about it, so if Leslie Harrington were to pick up the phone or send me an e-mail and said, you know, I talked to the buyer, finally connected with them, they have a compliance

director, can you talk to them?

That would be -- that's how that would --

Q. Another way of communicating?

A. Yes. Exactly. Exactly.

Q. Okay. That's, I think, all I have for Deposition Exhibit 4.

Mr. Brown, were there particular standard operating procedures that you familiarized yourself with when coming to Anda?

A. There were -- there were standard operating procedures in place that I was given, I think, probably my first day at Anda that I reviewed, yes, and utilized in the -- and made sure our team utilized in terms of conducting our day-to-day affairs.

Q. Okay. Can you describe for me what different standard operating procedures you used in compliance on a day-to-day basis?

A. Well, we used -- and it's -- I think I've described some of it. When we had a new customer -- a -- an existing customer who wanted to purchase controls, we laid out all of the requirements that we would need to review that request. One SOP, I believe, dealt with that.

Another SOP -- and not having those in front

of me and not having reviewed them for the last few years, I can't recite them by rote, but one was also -- another one was as we discussed earlier, a-- if a customer wishes to have an increase in the limits that they are allowed to purchase, monthly limits, what the process is for that, you know, and making sure that we went through that, and then there was another SOP that dealt with controlled substance orders that were, as we called them, of interest or needed further review -- that we would -- and the process we would use to verify those orders, the information and how we would analyze those and determine whether, you know, those were legitimate orders or required additional explanation or whatever disposition there would be.

Q. Okay. Let me have this marked as Anda-Brown Deposition Exhibit Number 5.

(Anda-Brown Exhibit 5 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as deposition Exhibit -- or Anda-Brown Deposition Exhibit 5, a document which purports to be an e-mail exchange between you and Michael Cochrane, is the first page and then attached to that are what appear to be versions of

three separate standard operating procedures at Anda, Standard Operating Procedure 28, Standard Operating Procedure 40, and Standard Operating Procedure 45.

And I should note that the document bears the Bates number Anda_Opioids_MDL 91399 through 91410.

Is that an accurate characterization of what the document is?

MR. MATTHEWS: Objection.

A. Let me look. From what I can tell. I don't have specific recollection other than this document. Again, just reading it, it looks like -- again, I'm just reading the words, that Michael and I had had a conversation, that I had -- we had talked about potential revisions to the SOPs once I had -- as I say, I had reviewed -- I had been handed these when I walked in and had had some time to review them. I had some suggestions. It looks like, and again, I'm not trying to speculate, but I'm looking at the language, I may have attached a letter on May 31st that outlined those changes. Michael says, why don't you just put them in the SOPs and that's what it looks like I did.

But again, having no independent knowledge

other than what the document says.

Q. Okay. Well, let's go through the e-mail exchange itself. The first one is an e-mail from you to Michael Cochrane on May 31st, where it just says, per our discussion today. And then Michael responds the following morning, June 1st, and says: I think it looks great to streamline things and keep things formatted the same way. What do you think about working specific things from this letter into one or more of these existing SOPs or we can create a new SOP in this format when an inspection is a definite must.

And then you reply on the afternoon of June 1st at 2:39 and say: I attempted to add the pertinent sections to each of the existing SOPs as appropriate. Please let me know your thoughts when you have a chance.

Do you have any reason to believe that you didn't have the e-mail exchanges that are depicted on the first page of Anda-Brown Deposition Exhibit 5?

A. I don't have any reason to believe that didn't happen, no.

Q. Okay. This is an accurate depiction of the e-mail exchanges that occurred between you and

Michael?

A. With one exception. I don't -- unless it's attached here and I didn't really see it, I'm not sure -- this seems to imply -- the May 31st, seems to imply, per our discussion earlier today, and Michael's response, that I attached a document to the May 31st e-mail, and so if -- again, I'm implying, based on the language, so if that's the case and it's not attached, I don't know if this is a complete depiction, is all, I guess, I'm saying.

Q. Okay. There may be an additional letter that's referenced in that June 1st e-mail from Michael to you?

A. Based solely on what I'm seeing in this document, yes.

Q. Okay. I want to go through a couple pages now of the underlying SOPs.

A. Okay.

Q. And really, what I'm going to focus on initially are just some of the data entry functions.

A. Okay.

Q. If you look at Standard Operating Procedure 40, and that begins at the Bates page, Anda_Opioids_MDL 91403 of Deposition Exhibit 5, first of all, let me start by asking what is the

purpose of Standard Operating Procedure 40?

A. The purpose is to set -- to establish the procedures that are utilized to analyze any order that is identified in the company's electronic order -- control order monitoring system.

Q. Is it fair to say that Standard Operating Procedure 40 is designed to record those steps that the compliance department would take in evaluating a controlled substance account to determine whether Anda would sell controlled substances to a particular entity?

MR. MATTHEWS: Objection.

A. That's not -- that's not this SOP.

Q. Okay. That would be Standard Operating Procedure 28?

MR. MATTHEWS: Objection.

A. Just -- I'm just looking to see. Yes.

Q. Okay. So going to Standard Operating Procedure 40, it is designed to record the steps that Anda implements for purposes of operating a suspicious order monitoring program?

MR. MATTHEWS: Objection.

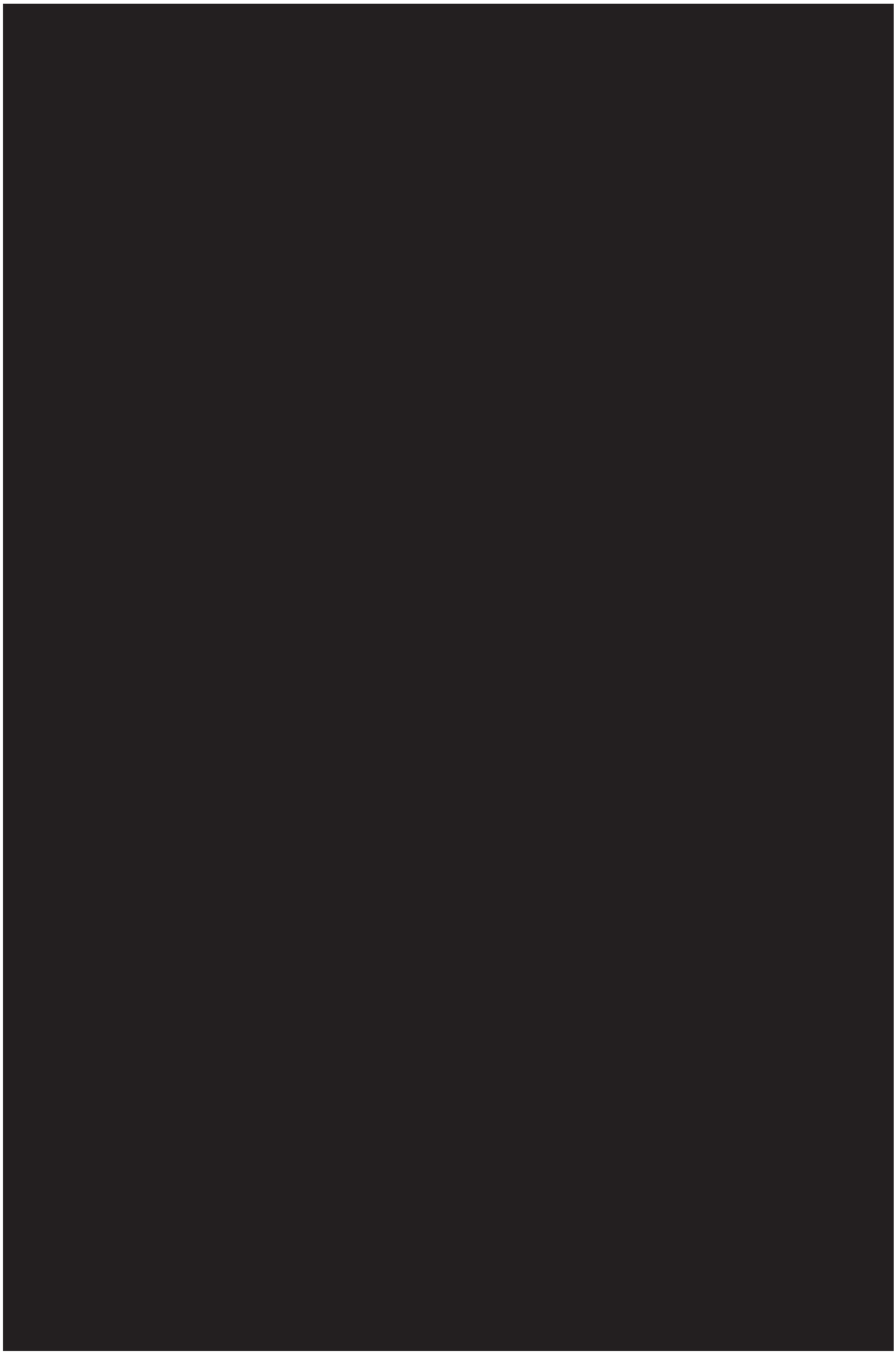
A. No.

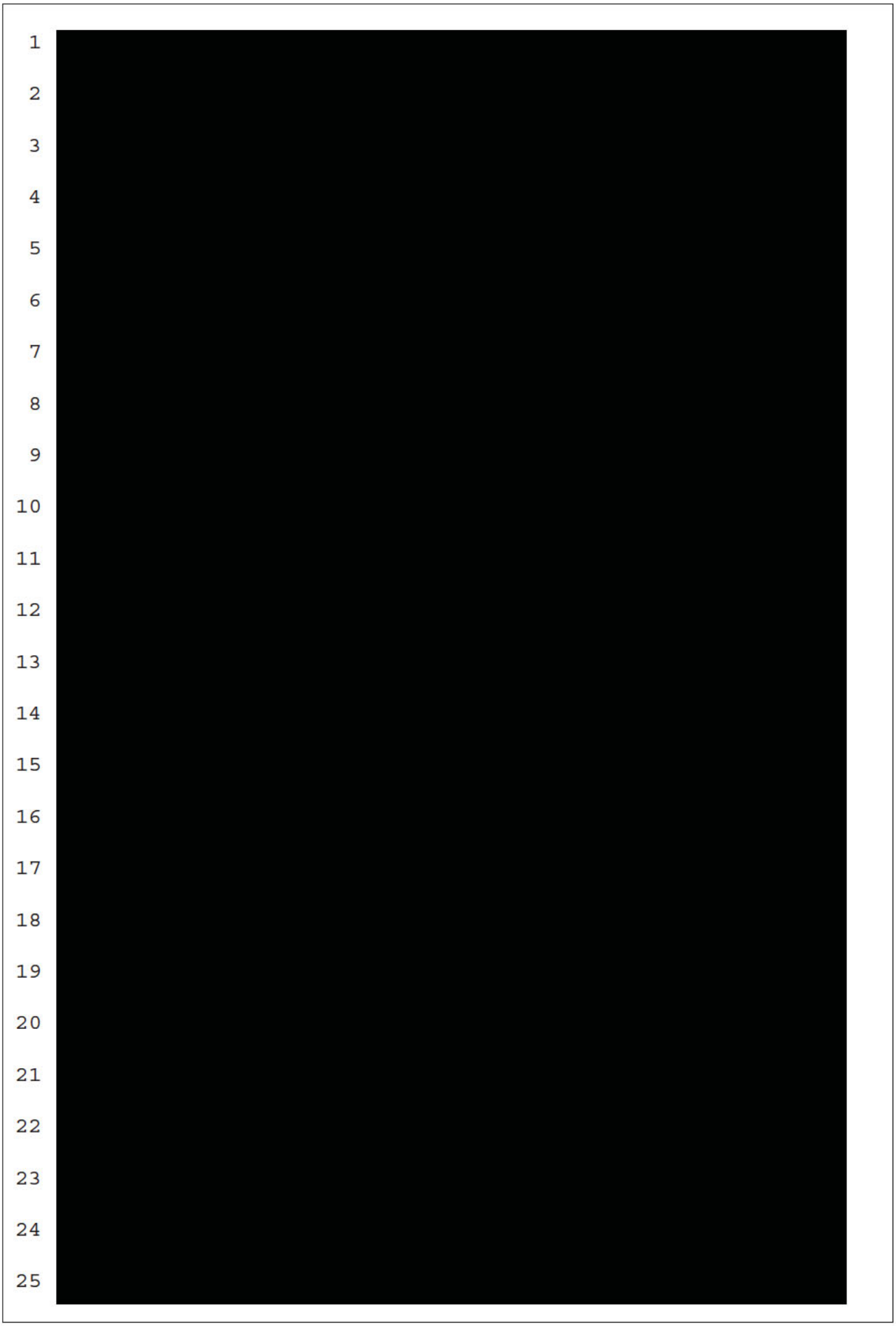
Q. I still didn't get it right?

A. No.

Q. How would you describe what the purpose of SOP 40 is?
A. The purpose of this procedure is to document the steps that are taken when an order is identified and held in the company's electronic order monitoring, order monitoring system.
Q. Okay. And the electronic order monitoring system you are making reference to is the TPS system?
A. I believe it was in TPS, yes.
Q. Okay. At least during your initial years?
A. Uh-huh.
Q. At Anda?
A. Correct.
Q. Was there a period in time that a different system was in place while you were at Anda --
A. Not while I was at Anda.
Q. Let me finish the question.
A. All right.
Q. To identify orders of interest?
MR. MATTHEWS: Objection.
A. Not when I was at Anda.
Q. When did you leave?
A. January 2017.
Q. Okay. We'll get to the whole Buzzeo thing

later.





[redacted]

MR. MATTHEWS: Just to be clear, we're talking about the time that he was at Anda, right?

MR. NOVAK: Yes.

MR. MATTHEWS: Okay.

BY MR. NOVAK:

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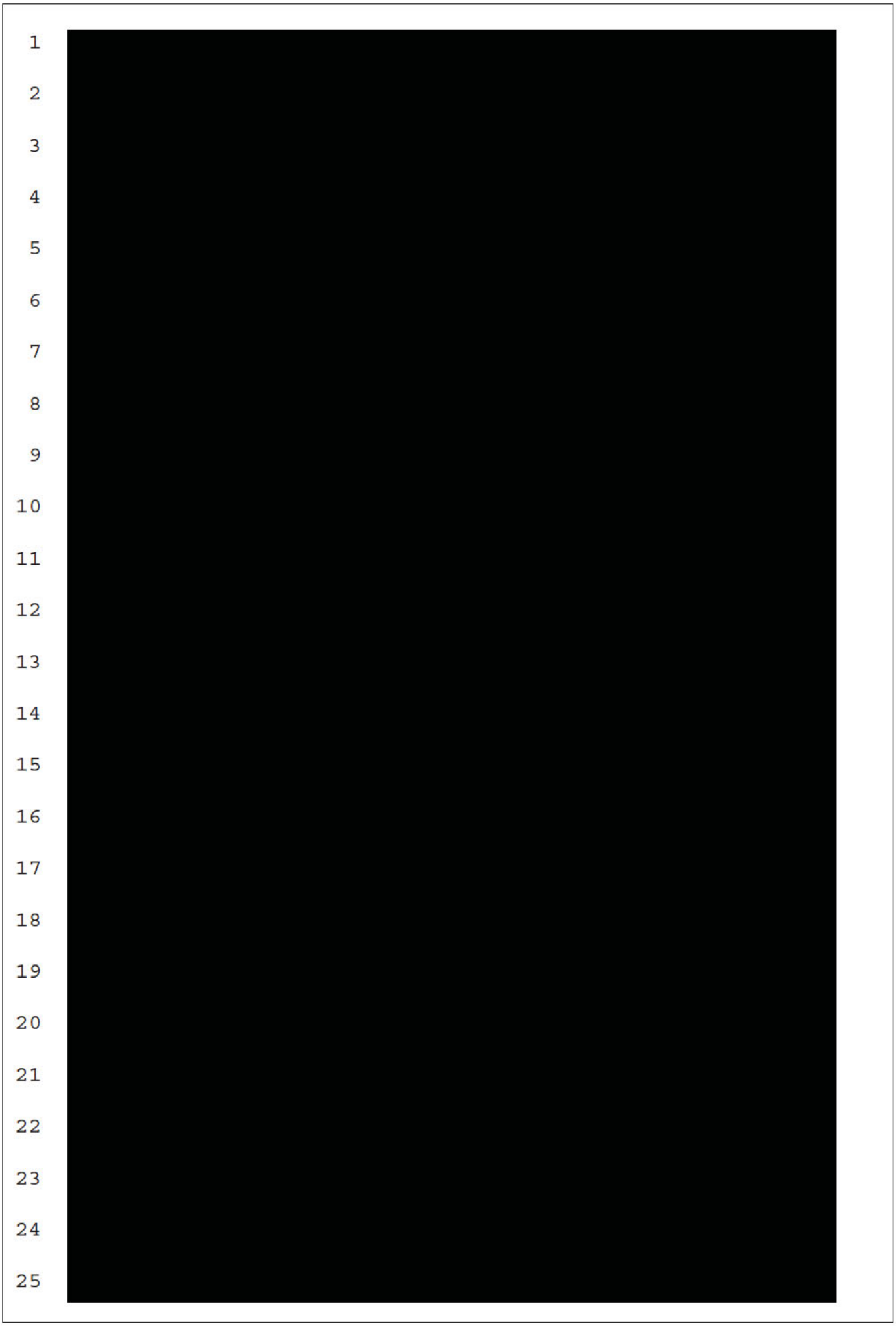


[redacted]

Q. Okay. That's the O drive that you made reference to earlier, where the customer questionnaires are kept?

A. Correct.

Q. Okay. Not in TPS?

A. Correct.

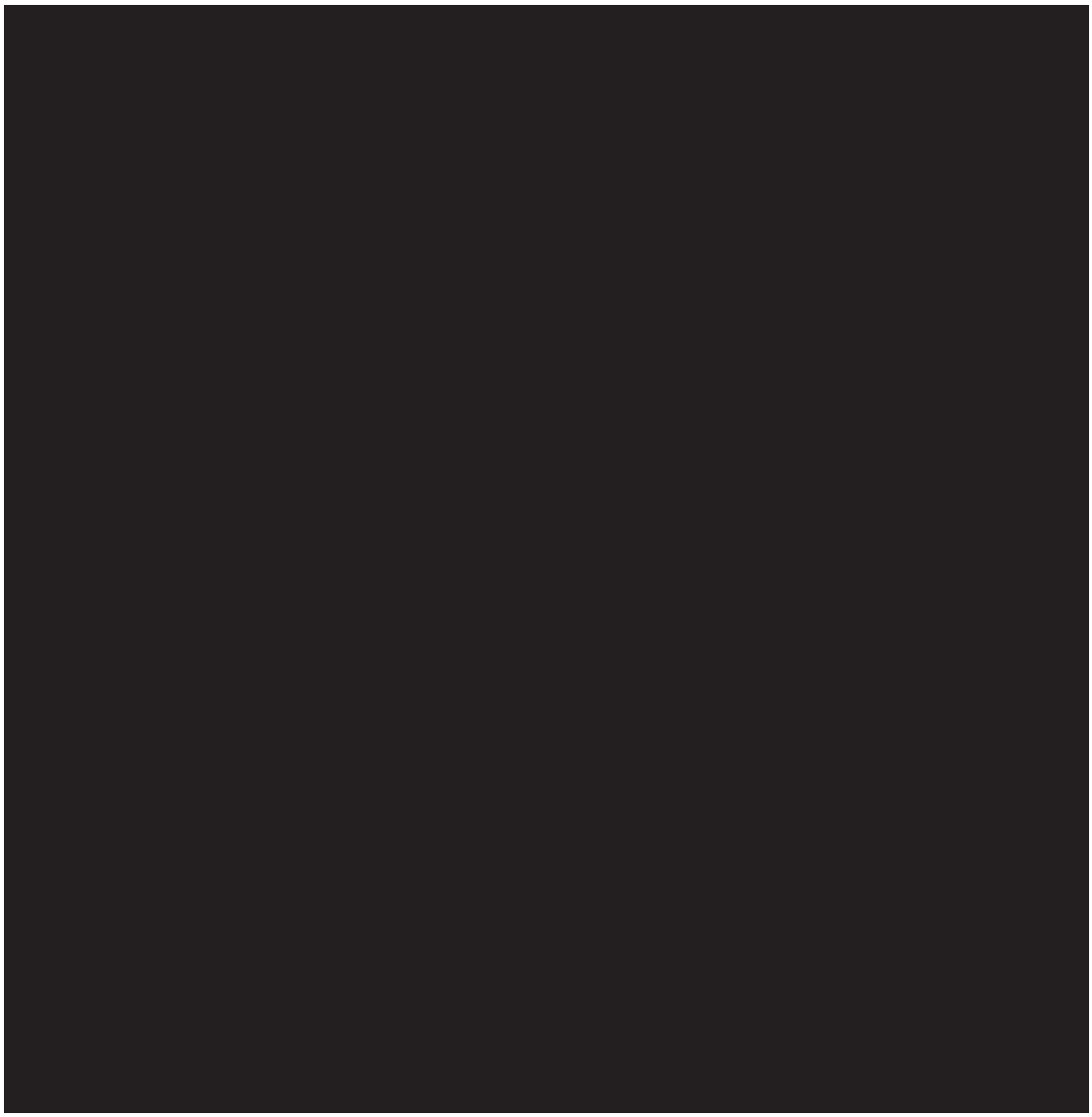
Q. The O drive is a server maintained folder that's available to anyone in Anda?

MR. MATTHEWS: Objection.

A. The O drive itself contains many folders related to different information that is maintained by Anda of all different sorts of items. There are specific folders dealing with compliance and this particular folder is accessible only by authorized designated people which would again be the people on my team, Emily, and Michael Cochrane while I was there.

Q. Okay. And so for this particular O drive folder, security is tighter as to who can place documents or change documents in that particular folder; is that correct?

A. That is correct.



Q. Is the summary dispensing data kept in the same subfolders as the customer questionnaire?

A. By customer. So in the O drive you list every customer -- you have a separate folder for each customer.

Q. Okay.

A. And that would include all of the information that each customer has submitted as -- and again, as well as any e-mail, including any e-mails that might have gone to the customer, and

their responses, and so it would be by customer that data would be included.

Q. Okay. If a customer has multiple stores, would there be even more subfolders, one for each store to reflect the dispensing data of each individual store?

A. There would be a -- it would be by customer number and we would try to -- I can't remember how we figured out how to make sure that they were somewhat linked, but every -- every store location would have its own individual customer folder, including questionnaire, dispense data -- yeah, it would have each -- each folder would have, yes.

Q. Okay. So if Walgreens had, say, 150 or 250 stores in the state of Ohio, there would be, kept in the O drive, a separate customer questionnaire and a separate summary dispensing data on file as for each of them?

MR. MATTHEWS: Objection.

A. That's correct. It's correct. The only thing I would maybe revise is there would be a separate Walgreens folder that would list -- have a folder for every location, regardless of state, regardless of what -- just be if it was Walgreens, store number, whatever, and would have all that

information.

Q. I wasn't suggesting you kept it only for Ohio.

A. No, I know. But I mean -- it's not also segmented by state is I guess what I'm saying.

Q. Okay.

A. You know, customer number 12345 is in Albuquerque and customer 12346 is in Anchorage, it would still be in -- it would each have their own folder but it would be in a separate Walgreens folder by --

Q. Would there be a method to search it by state?

A. We could. Yes, there were definitely -- we had -- we had a lot of ways that would -- that would slice and dice, so to speak.

Q. I was about to use the same term.

A. Which -- I will not tell you I was -- expertise, I had good people on my team to do that.

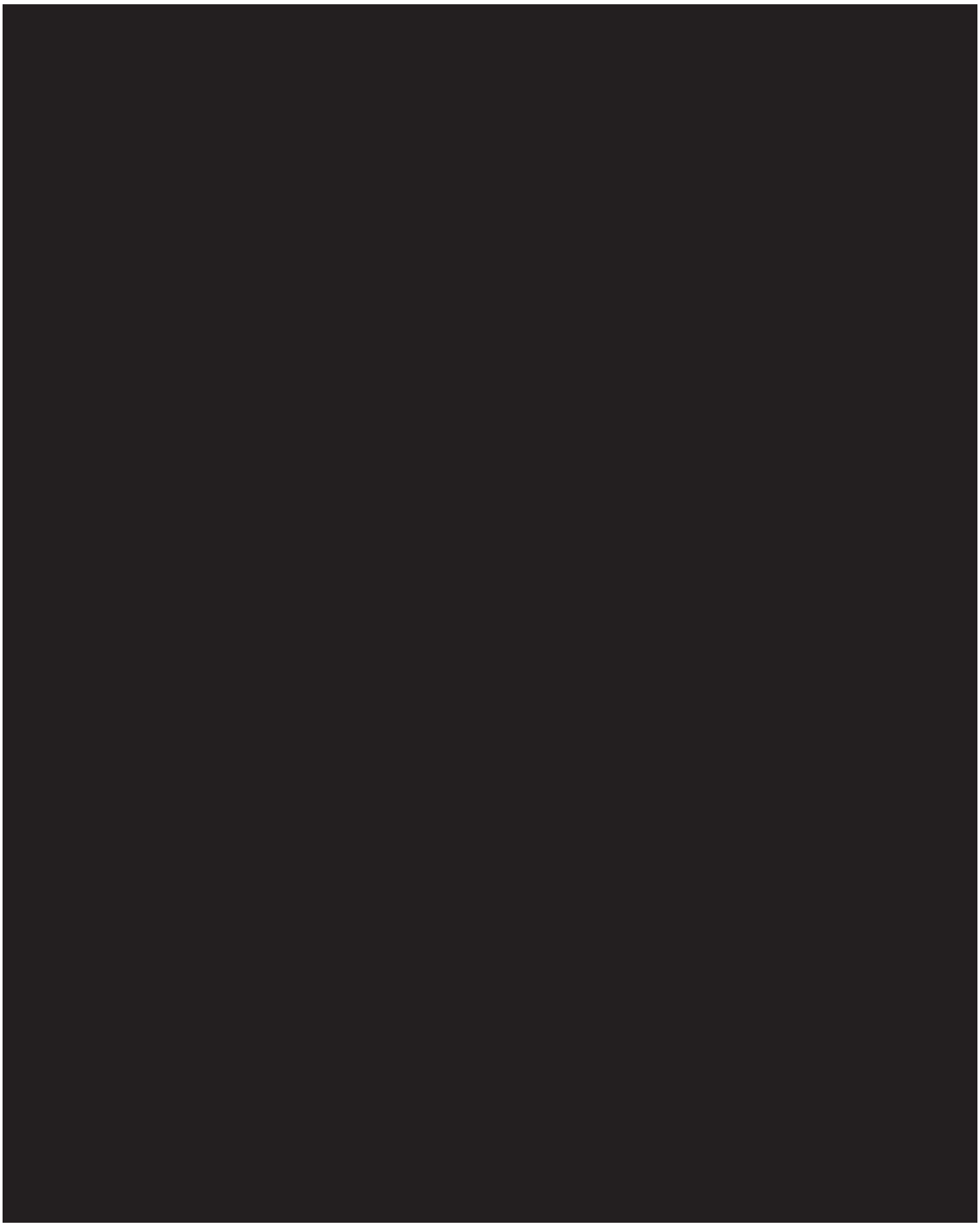
Q. Who were the best slicers and dicers in your department?

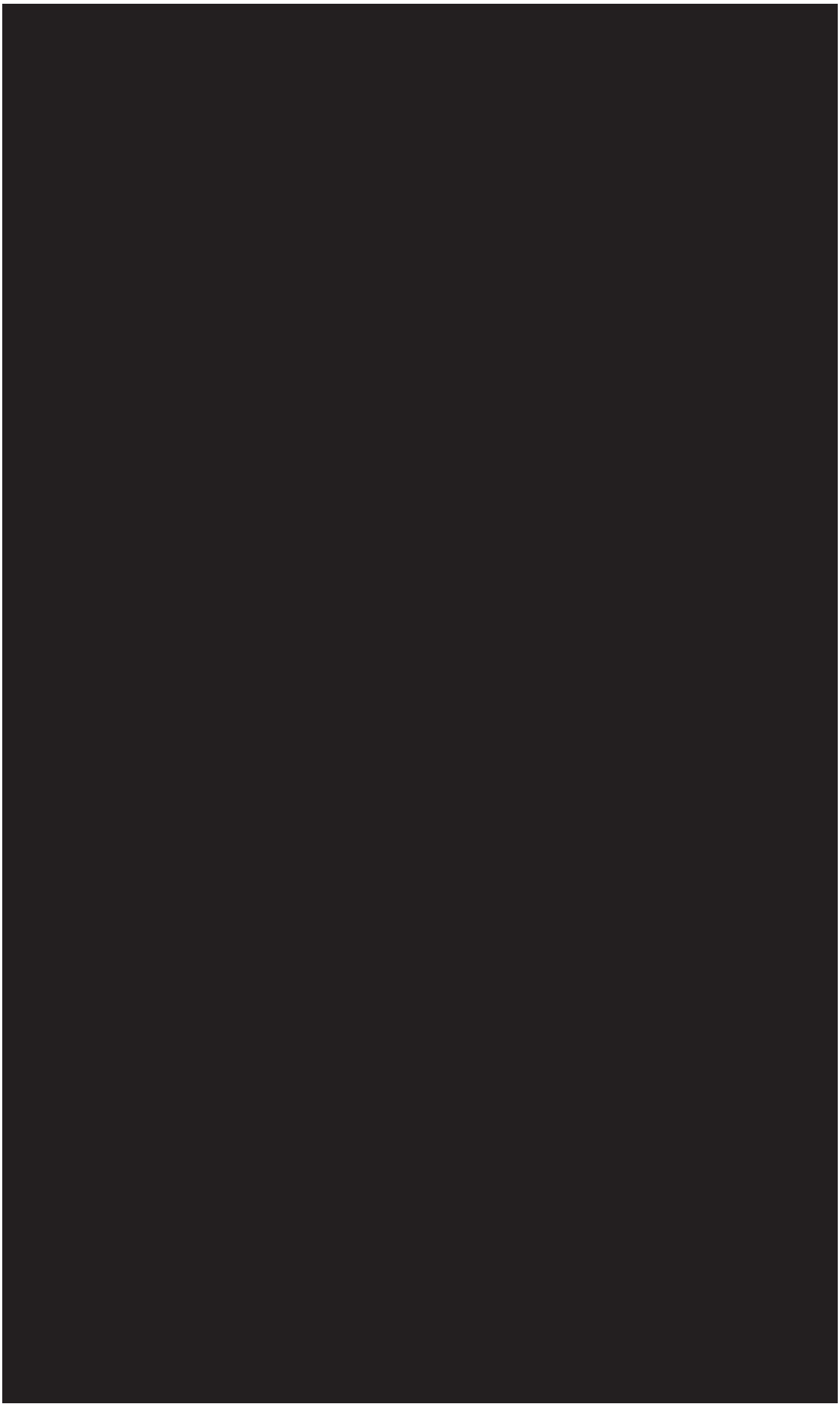
A. Sabrina Solis and Latoya Samuels.

Q. They would have the ability to go into the O drive and extract data using various methods?

A. O drive or TPS, because if it dealt with

customer sales information and purchasing history, it would be in TPS. So yes, they could work the different systems to get that. I need a report on, you know, et cetera, how many customers we have in Ohio that have bought so much whatever, and they would be able to do that.





[redacted]

A. And -- just to say -- again, I don't have --

MR. MATTHEWS: Wait for a question.

THE WITNESS: I'm sorry. Okay.

A. Could you -- just --

[redacted]

[redacted]

They might say, you know, I just picked up a new clinic, you know, Dr. Smith, he's five minutes from me, here is his specialty, here is his DEA number, we might make a quick check, make sure there aren't any issues with that doctor and the specialty conforms with the request. Okay. And we'll say, all right, if it makes sense, and we have enough written documentation, not oral, but written, we will approve and we'll move the limit up to 1200, as an example.

Q. Okay.

[redacted]

MR. MATTHEWS: Objection.

Q. As one example.

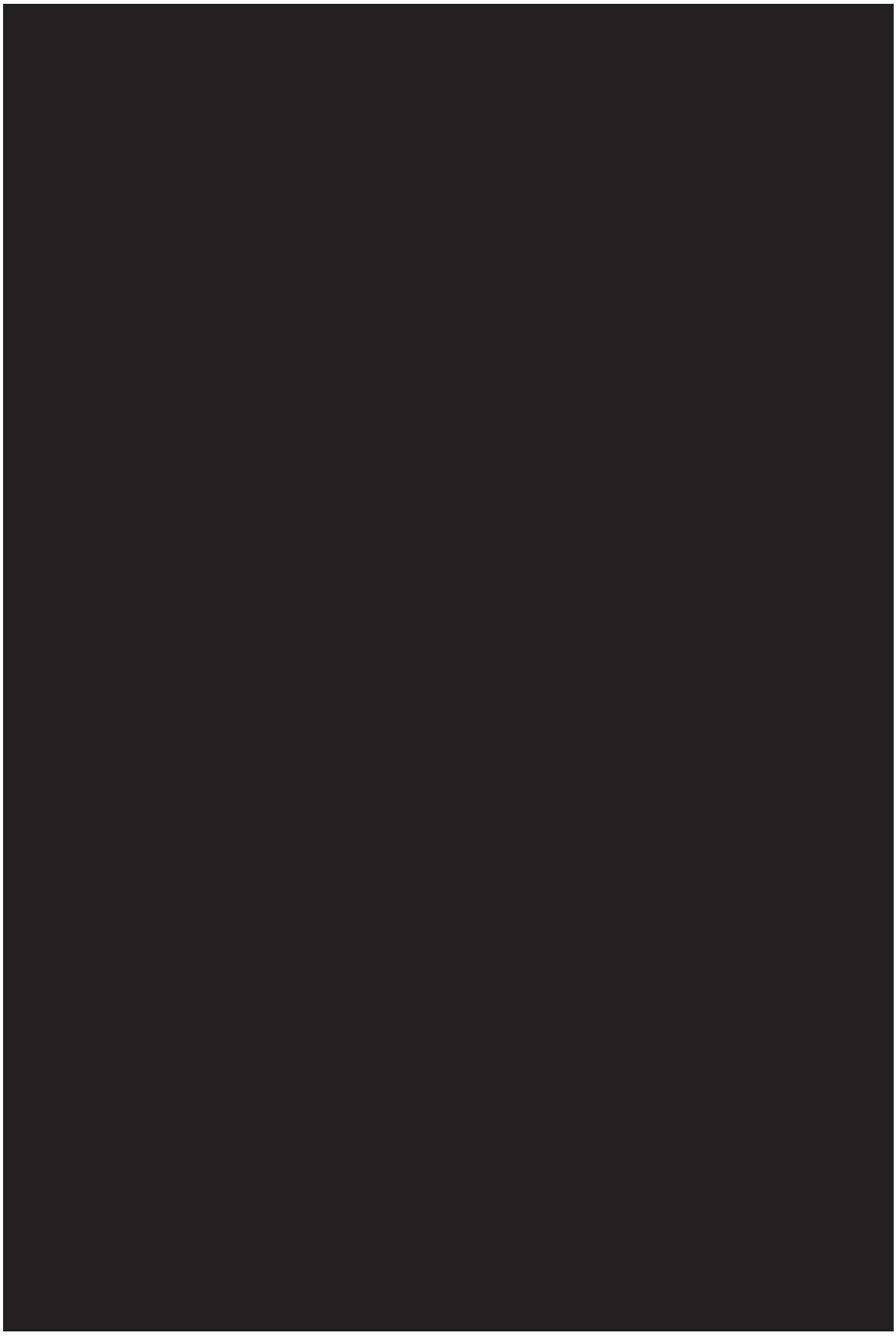
MR. MATTHEWS: Objection.

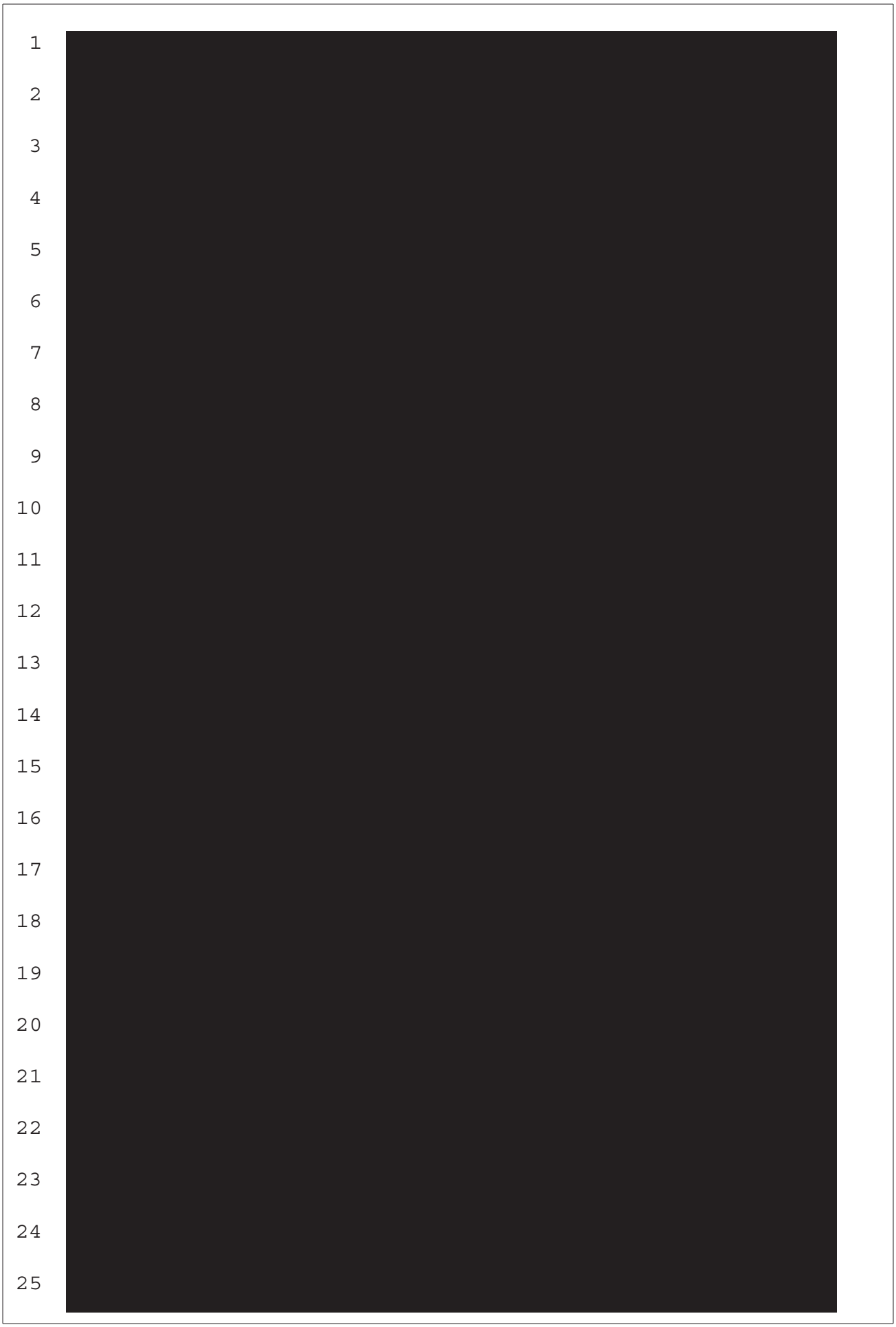
A. As an -- as an example, yes.

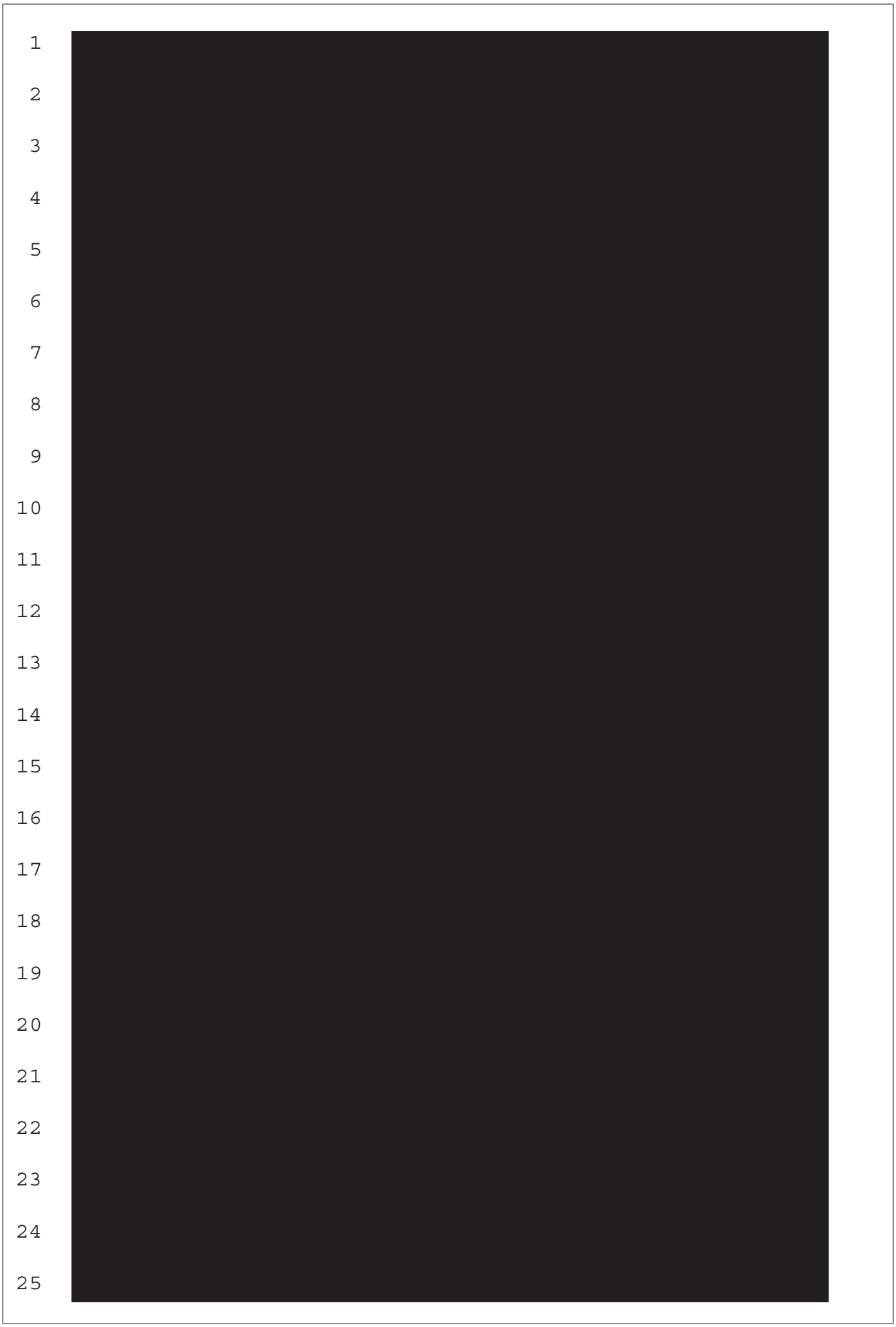
Q. These are the steps that a compliance team member should undertake in order to say yes or no to

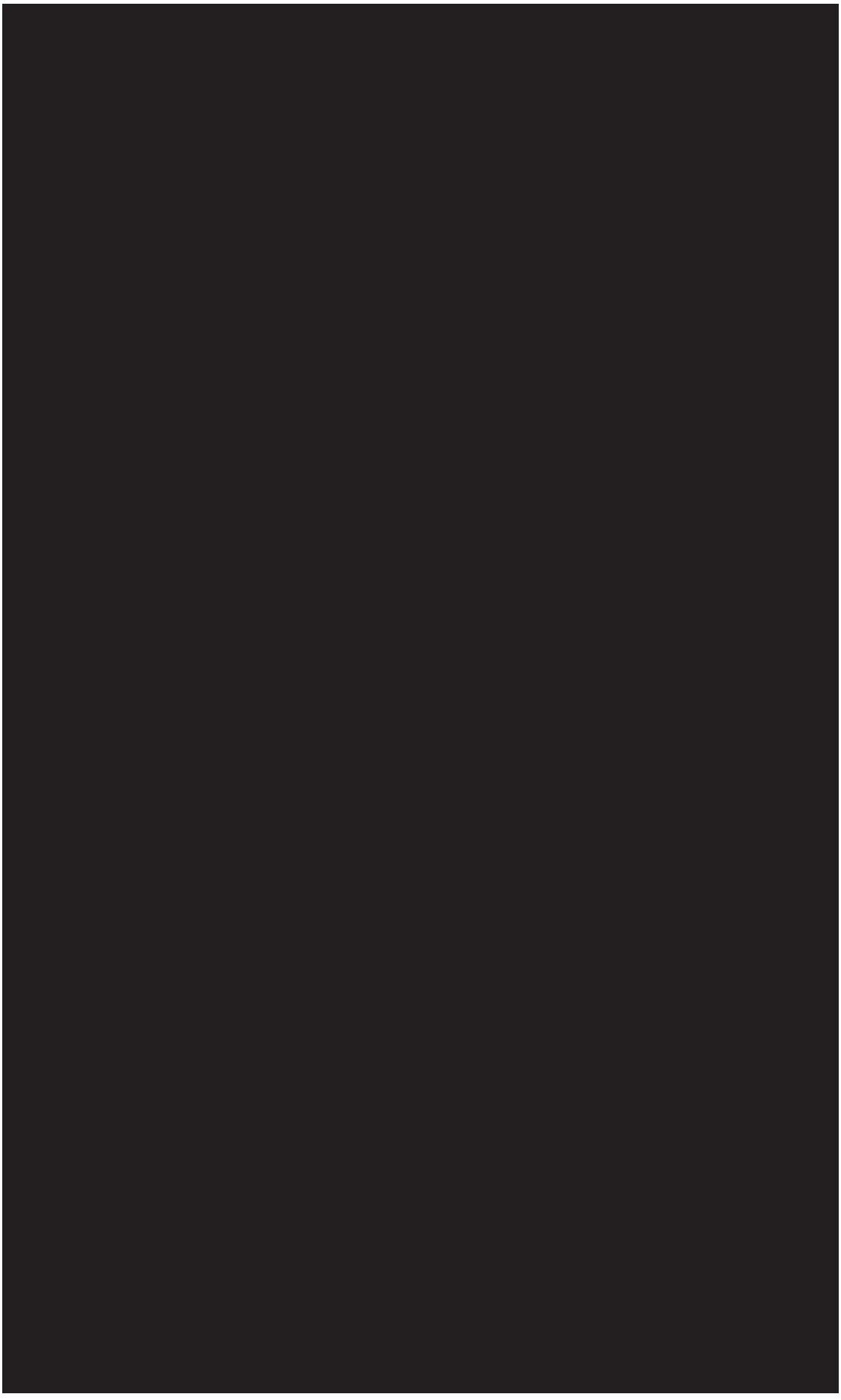
the person in sales who is asking the question?

A. Yes.









Q. Okay. Now, earlier I think you said that a new customer has a period of time before they're eligible to even request to purchase controlled substances?

A. Correct. Correct.

Q. 60 or 90 days?

A. Yeah, I can't remember that. I think it's 90 but I'm not sure.

Q. So at the end of that period of time, if they said, okay, my 90 days are up, I'd now like to buy some OxyContin.

In order to do that would sales have to submit a remedy review process request under these procedures to have their status changed so that they were eligible to purchase OxyContin?

A. That would be -- well, all right, let me go back. They would not be able to purchase oxycodone

at all, even if they were eligible to purchase controls. Use alprazolam, why don't we use that, that would be easier.

So again, as I mentioned, a customer could either submit the questionnaire and the dispense data and -- oh, I forgot to mention, I'm sorry, photographs of the pharmacy. We also wanted to see that. Because somebody could say, I'm a closed door pharmacy and then you've got -- or they could say I'm a retail pharmacy and there's no front end and that would be like a little sign, because again, we want to verify as much as we can.

So they could either submit that directly to compliance by the fax or e-mail, or they can submit that information through the reps. So if the rep has that information, then they would submit it -- they could submit it, attach it to the remedy request for a new customer, a new control customer -- an existing customer seeking to purchase controls. So it could come through remedy.

And I will say there is one other, because I'm trying to be -- you know, give you -- let's say a customer provides us information through e-mail or fax directly to compliance, and maybe the customer then calls a day later, where am I, what did

compliance do, I want to order.

And so it could be -- a remedy request could be from the rep: A customer says they submitted this, can you tell me status.

And then we would say we're in the process of reviewing or we didn't get everything we needed, or whatever it would be.

Q. Okay. Let me ask a different question. As this material is input into the TPS system over time, do old entries get changed or modified or is it kind of a linear process, where new information just continues to be added?

MR. MATTHEWS: Objection.

A. Notes can never be changed. They are a permanent record and so they are not changed and they are not deleted. They continue on and it's linear. So anybody going in to look at a customer can see the entire history.

Q. You can only add to the compliance notes --

A. Correct.

Q. -- in the TPS system, you can't alter earlier entries of compliance notes in the TPS system?

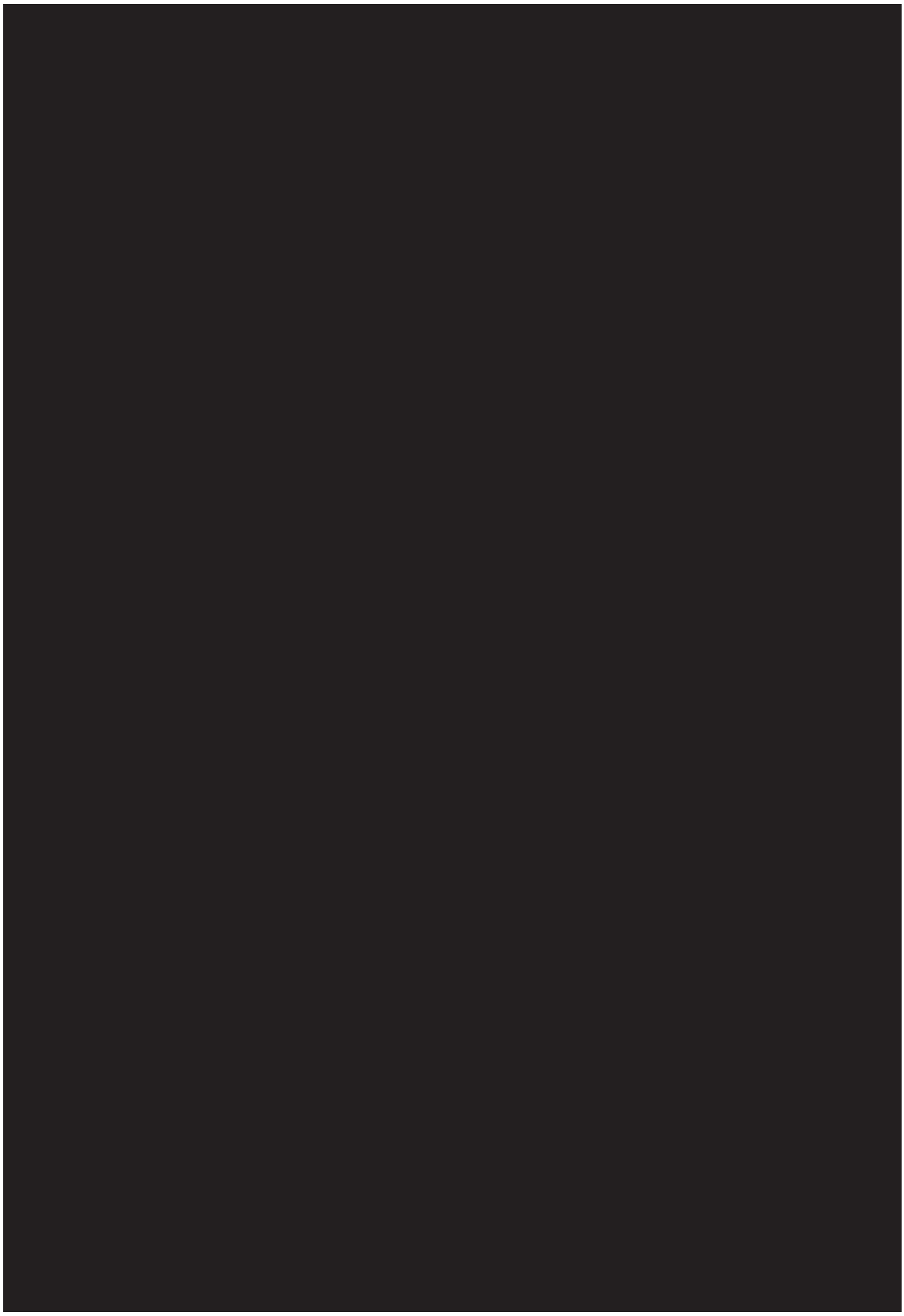
A. That's correct.

Q. Okay. And then the next category is review customer questionnaire, and in that category it says -- the first bullet point is: Save new customer questionnaire to O drive if necessary for recordkeeping.

That's simply to -- if a customer questionnaire doesn't exist, it needs to be placed into the O drive?

A. Or -- and I can't remember at what point, but we said we need -- we wanted a new customer questionnaire every three years. So it may be that they were due -- in order to continue to be eligible for -- to purchase controls, we needed annual dispense data at least. Now, if they were looking for increases, we'd get it more frequently but not less than once a year we'd get dispense data, and that's if they kept ordering at the same rate, otherwise more and then every three years we would get a new customer questionnaire because it is a rather extensive document but we wanted to see how

their business had changed and we reviewed everything that came in and we would put it side by side, so yes.



[redacted]

Q. So the existence of a new questionnaire in the file for a particular customer doesn't mean that the old customer questionnaire is deleted?

A. Not at all.

Q. Okay. In the -- when it says "flag Y", that is simply confirming in TPS that a customer questionnaire is on file.

A. Right. If it's not, there is an N.

Q. Okay. And then the last bullet point, it says: Determine type of pharmacy reviewing, volume, location, age, et cetera.

What is the purpose of that step in the remedy review process?

A. Well, let's look at volume first. If this is a customer that is -- dispenses 50 prescriptions a week, and they -- and they are a new customer, let's say they haven't -- let's take a couple examples.

They dispense 50 a week and now they have all this information that they want to purchase controls from Anda, we're thinking well, you want to purchase controls, we're not going -- we're going to look at their dispense data and kind of match up,

one, do they really need it, is this something -- why aren't they getting this from their primary, and certainly it will affect -- impact the volume we agree to provide, if in fact we approve them at all. So that's one, a small or large pharmacy, who do they deal with and location. If they are in a small town and they are dispensing, you know, 3,000 scrips a week, well, we want to know why that is, we want to get more information. Are they located next to a hospital, I mean what's going on here.

So that's that one.

And then age, if they are open six months and they are already dispensing oxycodone and methadone, we're going to have a concern about that. Why would that be -- why would that be the first thing you're getting as a new pharmacy. I am using different examples but that's the kind of things we would look at.

Q. And that information is all recorded in the customer questionnaire?

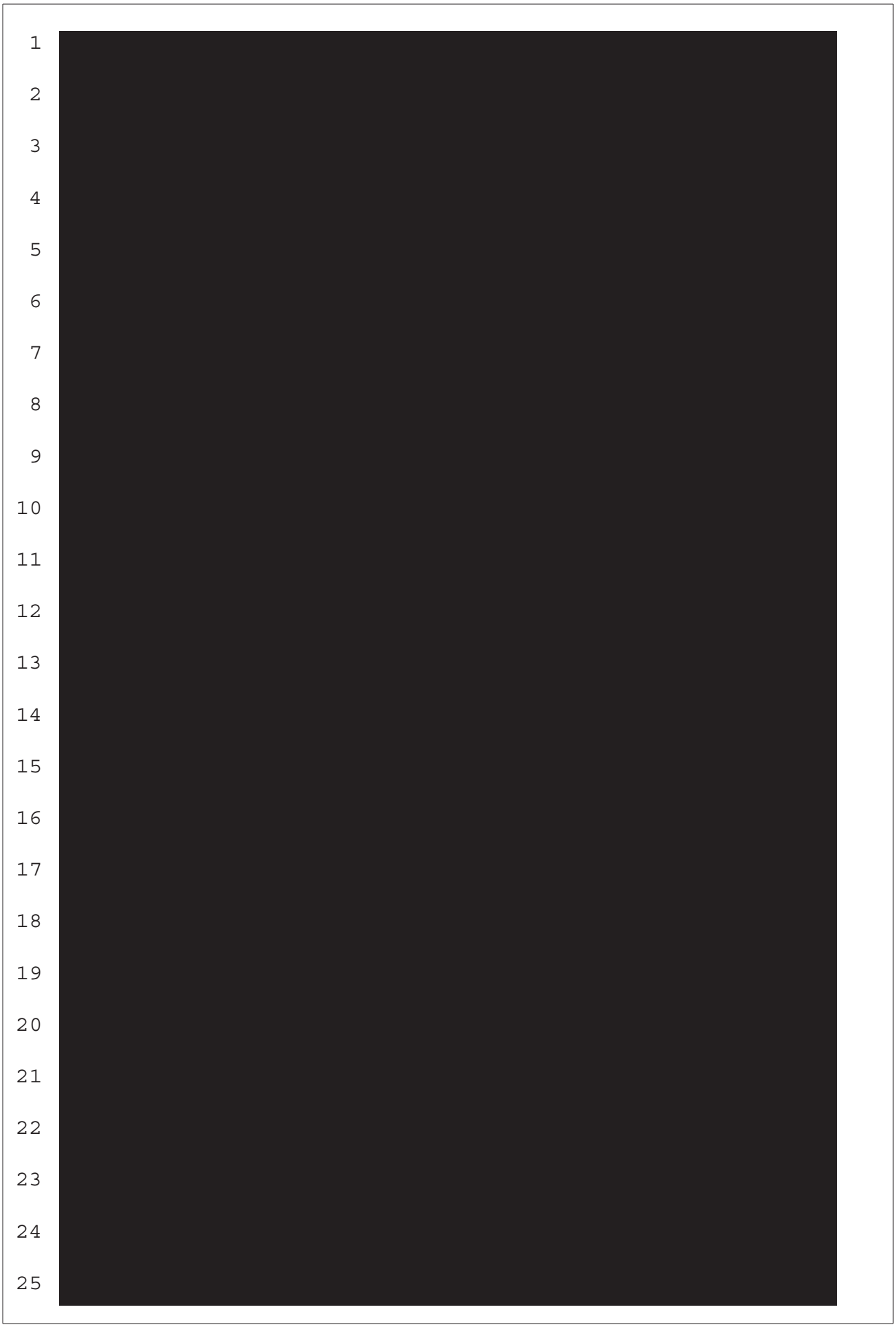
A. Correct.

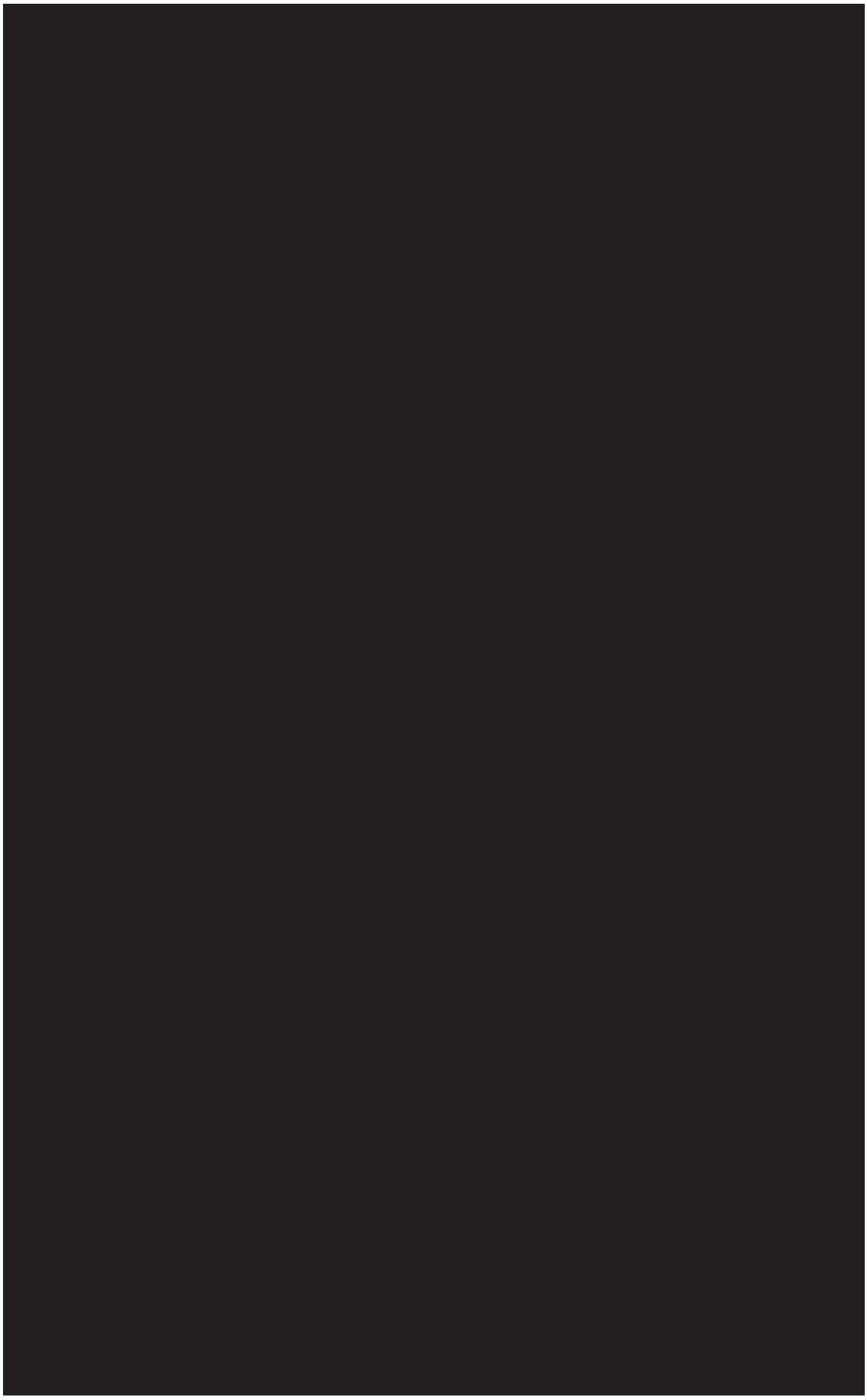
Q. Okay. But the dispensing volume is separately recorded from the -- or is that with the customer questionnaire?

A. It's in the O drive with the customer

questionnaire.

[redacted]





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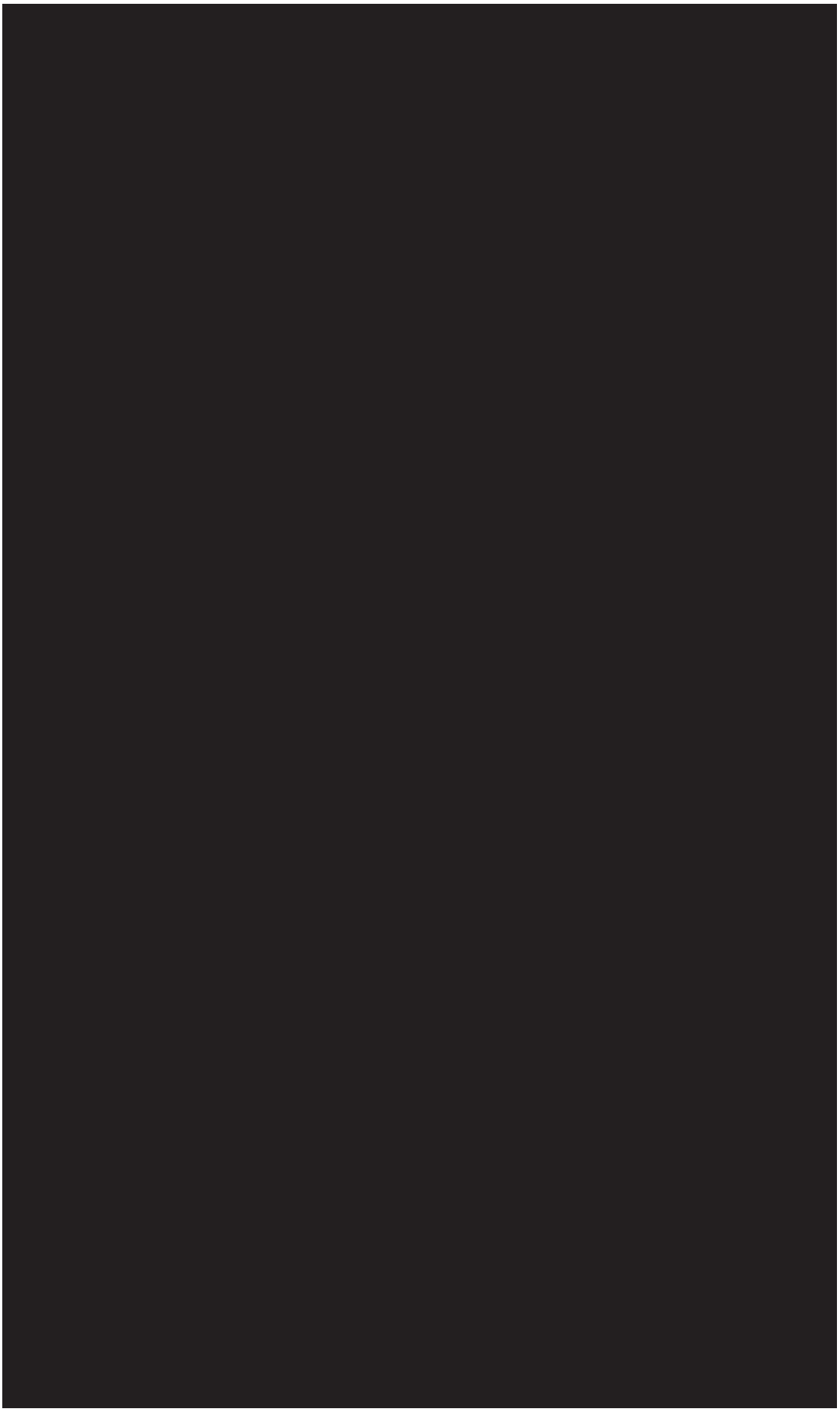


[redacted]

Q. Something about that answer struck me. There's a difference between what the customer purchases and what they dispense, correct?

MR. MATTHEWS: Objection.

A. Are you talking about purchasing from Anda or purchasing --

Q. Yeah. What the customer purchases from Anda versus what they sell to consumers.

A. As a secondary, that would be -- as a secondary, that would be across the board controls or noncontrols, that is correct, for a secondary.

Q. Right.

A. So there is no -- whether it's -- whether

it's metformin or omeprazole or hydrocodone, that is true for any product.

Q. And what you're evaluating -- are you evaluating both what they're requesting to purchase from Anda, as well as what they're dispensing to customers, to their consumers?

A. It could be both or it could be either/or. If we see -- if we see dispense data and I'll give you two -- I'll give you a couple of different examples on that. If we see dispense data where the highest product -- and this did happen on a few occasions -- is oxycodone 30 and their next item was methadone and the next item was hydromorphone 8 milligrams. And the guy says. I don't want to purchase any of that from you, I don't even need CII's, I just want to purchase lorazepam, you have a good price on it, we would say no. And our philosophy was, if you wouldn't sell them oxycodone, why would you sell them another control? That was the philosophy from the time I came there. Mike -- Mike Cochrane was very clear on that. No, it is either all or nothing. If you're not comfortable, it doesn't matter if they are buying that from us, because we're at the customer level, we're not worried about what they are buying from us.

On the other hand, so it doesn't matter what they are buying, doesn't matter what they want to buy from us, we will just not -- don't even turn me on for CII's and just give me lorazepam and give me 1,000 a month and we would say no.

On the other hand, there would come a time when, you know, we would evaluate percentages or we'd look at a customer and say -- and we do this on a, you know, monthly or quarterly basis, who has been increasing their control ratios or adding -- because again, they had limits but who has been adding -- and if they were purchasing more from us and it got to a point where we're looking at -- we're seeing that they are purchasing more volume of controls than they had a month earlier or two months earlier or three months earlier, and understanding we're secondary, we very well could say, you know what, we're not comfortable with this pattern anymore and we're not -- it's not one order, it's just we're not comfortable with their pattern and -- so we looked at both.

Q. Now, the last bullet points under Roman numeral 7 states: For an increase request, determine if dispense data indicates a need for an increase.

What does that mean?

A. Let's just say they have -- let's say they're at 1200 limit for carisoprodol, could be hydrocodone, whatever it is, and we look on their dispense data and they're only dispensing 1500 or 1800 or 2,000. Wait a minute, we're already -- or 2500. Wait a minute, why do you need that increase from us. You're not dispensing enough to justify that type of increase. So you know, because again, the more -- that's when you -- that's when you have a little, you know -- and the next -- the next set of analysis comes in.

Q. Okay. Now, if one of the compliance team members in your department were making observations about these different bullet points that we've just been walking through on dispensing data, where would they record their observations after having reviewed it?

A. They -- they would put that in the customer notes or there are other times they would even, when they respond to the remedy request -- so let's take that last example: Denied, customer only dispensing X number of pills per month, increase not warranted.

So they put that in -- in the response to the -- in the remedy and those are also recorded.

So you go back, you look at that if it came up again.

Q. Okay. Recorded where?

A. In the -- in TPS. That would be under remedy -- I'm sorry, remedy, not TPS. My mistake. It would be recorded under -- because would it be -- in the response to the remedy, and I think -- and again, I don't want to misstate, it's been a few years, but I think on something like that it would probably also go in the customer notes, something like that.

Q. Okay. So it would be back, if we're looking at the last page that we reviewed, ending in 1407, it would be in the customer compliance notes or the customer notes?

A. Right. Or again, it could also be in remedy, the remedy notes themselves, because every remedy opportunity -- see, in order to track it, the person who is going through those requests has to, what they call, close them out. So there has to be a disposition. It can't remain -- I mean, it -- I suppose it could remain open if -- the way it remains open is we need more data in order to fulfill this request. And if you don't get the data, you know, so it could be a couple days and

it's still open, you know, because we haven't gotten -- we haven't gotten the updated data. So it stays open.

But the goal is to get these adjudicated. I mean, you don't want a customer waiting. If there is a problem, you want to get that adjudicated. So you don't really want to have these open forever. You want to get those -- you want to get them addressed as soon as -- as soon as makes -- as it makes sense. I mean we're not here to rush, because it could require more analysis, but -- so when you close out a remedy request, you know, you will always put a reason, this is what happened, it was denied for this reason or approved for this reason.

MR. MATTHEWS: Is this a good time to take a break or -- we've been going for a long time.

MR. NOVAK: My goal is to get through this document.

MR. MATTHEWS: We've been going -- it's a long document and we've been going for well over an hour.

MR. NOVAK: If you want a break --

MR. MATTHEWS: We've been going for two hours since the last break, so why don't we actually just take a break, I'm exhausted, so

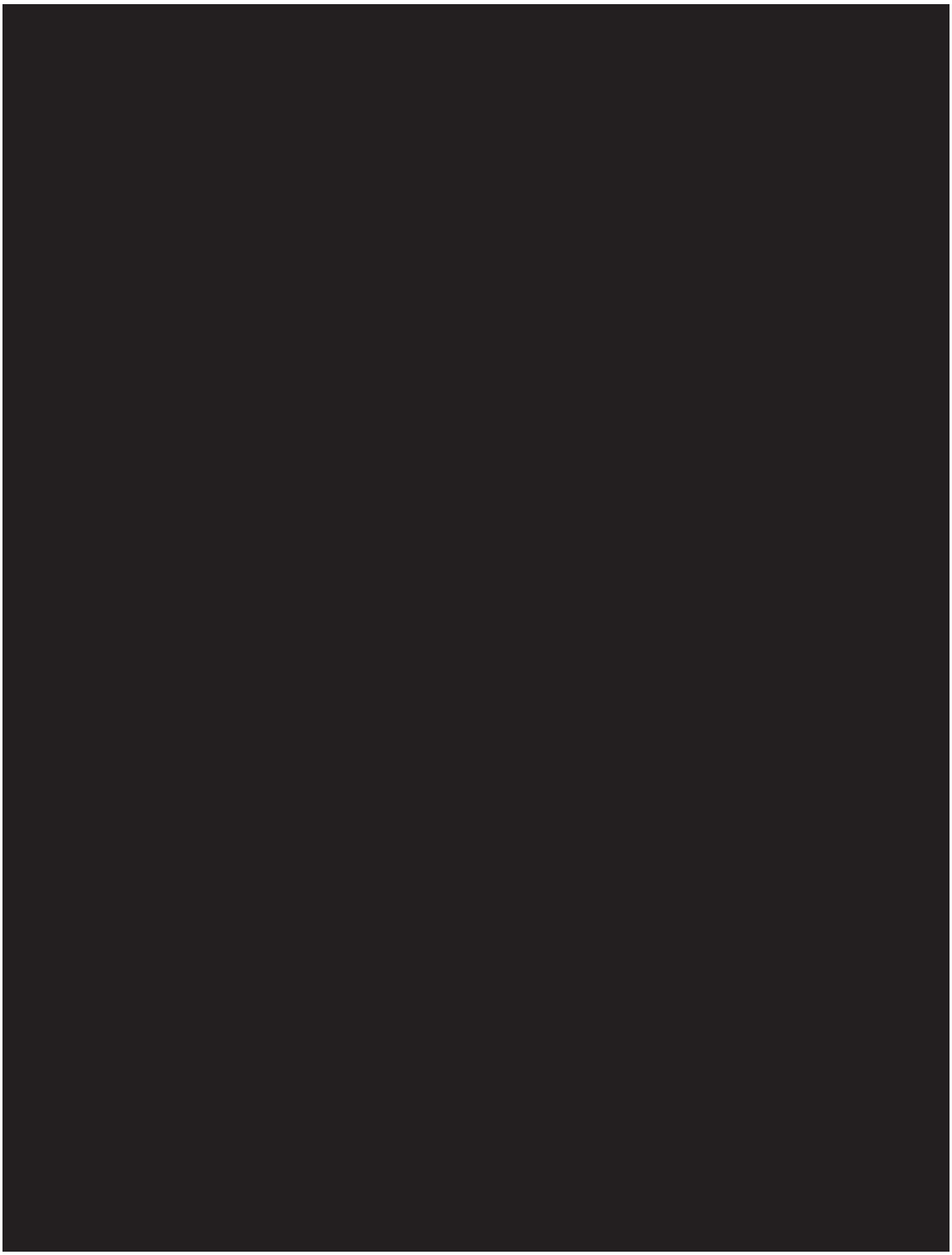
five minutes and that will be it.

THE VIDEOGRAPHER: Off the record, 12:29 p.m.

(Recess from 12:29 p.m. until 1:35 p.m.)

THE VIDEOGRAPHER: On the record, 1:35 p.m.

BY MR. NOVAK:



Q. And that is all contained in either TPS or in the O drive?

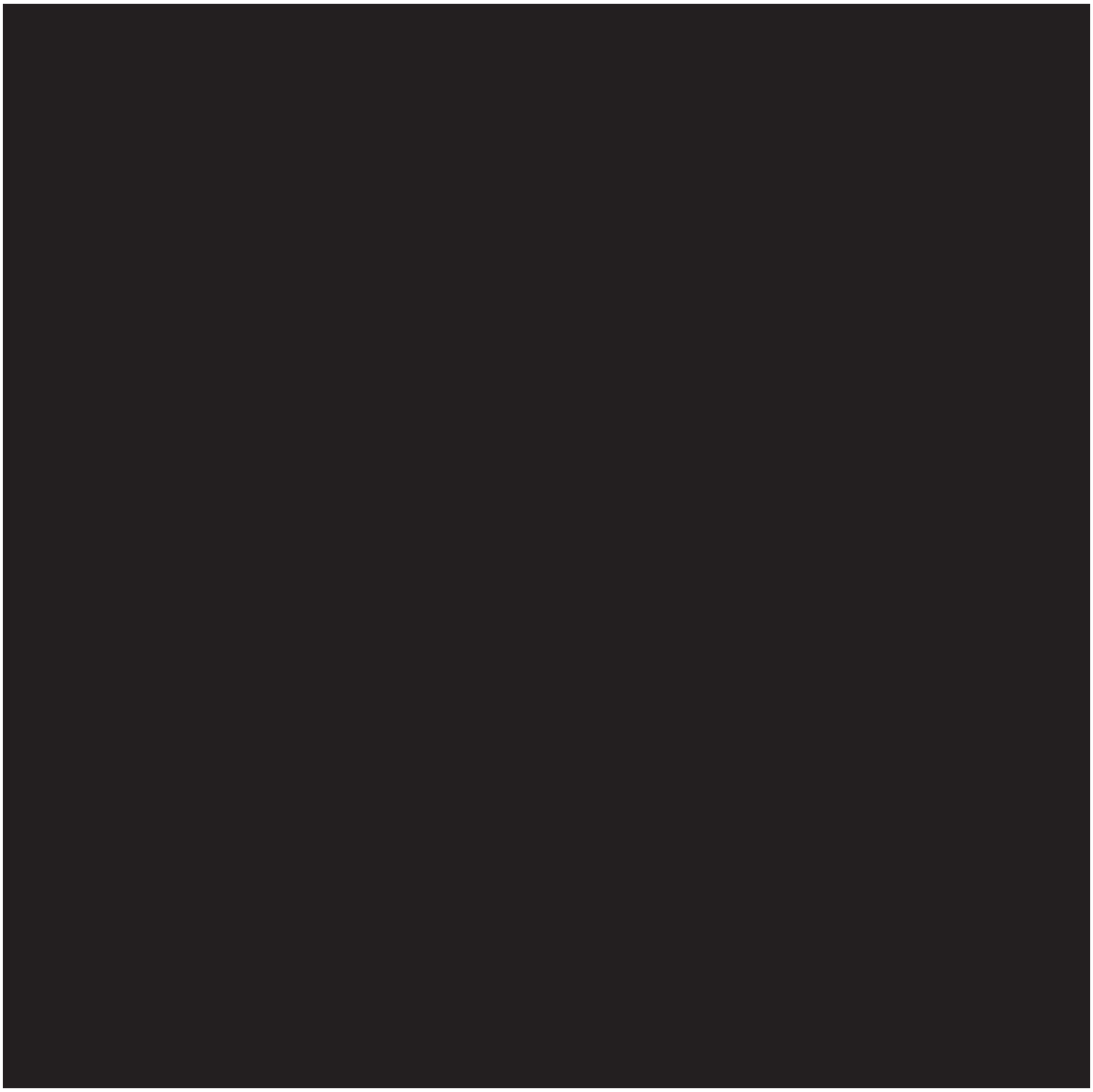
A. That is correct.

Q. Is there any reflection of the due diligence being performed that is indicated by the entry of a yes or a no similar to what we saw with whether a customer questionnaire had been received?

MR. MATTHEWS: Objection.

A. A determination of eligibility, so if a customer is approved for controls, there will be a note in the customer notes that will say, you

know -- mean, depending on how extensive, but there will be a note that indicates that the customer was approved. It may -- I mean, again, it could be -- various things are said, all due diligence reviewed, customer approved for controls. If they are denied for controls, it will say why, you know, top five products were controlled substances, customer denied access to controls. So it will be -- most -- most times it would be in the -- but for eligibility, it will be in the customer notes, in TPS.



Q. Okay. How is that measured, 1,000 what?

A. Pills, dosage units.

Q. So, for example, hydrocodone would be limited to 1,000 pills?

A. That is correct.

Q. What other opioids would have that initial limit in them once the customer is authorized to purchase controls from Anda?

A. When we started or when I started, meth -- or hydromorphone was also 1,000. Later on that was added to the -- to the -- oxycodone and methadone limitation, but at the time -- at the time that this, 2012, hydromorphone and oxymorphone were 1,000.

Q. Okay. Any other opioids that had 1,000 limitation on the control family?

A. I want to say fentanyl, and that was later

changed as well, but at the time it was 1,000.

I might add that at the time of 2012, hydrocodone was a Schedule III. I think it was 2014 that it was rescheduled.

(Anda-Brown Exhibit 6 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked for identification purposes Deposition Exhibit Anda-Brown 6, which is a two-page document bearing the Bates number Anda_Opioids_MDL 56015 and 6.

This appears to be a -- well, let me just ask you. Can you identify what deposition Exhibit Anda-Brown 6 is?

A. No, I can't. I've never seen this before, before you just handed it to me.

[redacted]

MR. MATTHEWS: Objection.

[redacted]

[redacted]

Q. Okay. How in the period of time that you were at Anda as director of regulatory compliance, was a system formula devised to determine orders of interest for a suspicious order monitoring program?

MR. MATTHEWS: Objection.

A. It was already in place when I started, so I'm -- I really don't have any firsthand knowledge of how that was -- how that formula was arrived. It was -- I just don't have any knowledge of how it was originally arrived at.

[redacted]

[redacted]

Q. Did you ever have discussions with the DEA as to what the average -- how the average was calculated or how the multiplier was selected?

MR. MATTHEWS: Objection; compound.

A. To my recollection, I don't -- in the times that I was with the DEA and met with them and inspections, I don't believe -- I don't remember that coming up.

[redacted]

(Anda-Brown Exhibit 7 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked for identification purposes Deposition Exhibit Anda-Brown 7 which bears the Bates range, Anda_Opioids_MDL 36508 through 36522.

A. Okay.

[redacted]

[redacted]

Q. Okay. Do you recall responding to a subpoena issued by the US Department of Justice?

A. Frankly, we received several subpoenas, whether it be from -- no, I don't -- it wasn't Department of Justice. It was the DEA.

Q. Okay.

A. It wouldn't have been the department -- it would have been the DEA and we received, you know, various subpoenas from DEA or state boards of pharmacy, you know, with respect to records of particular customers, so I certainly don't recall that one, but --

[redacted]

[redacted]

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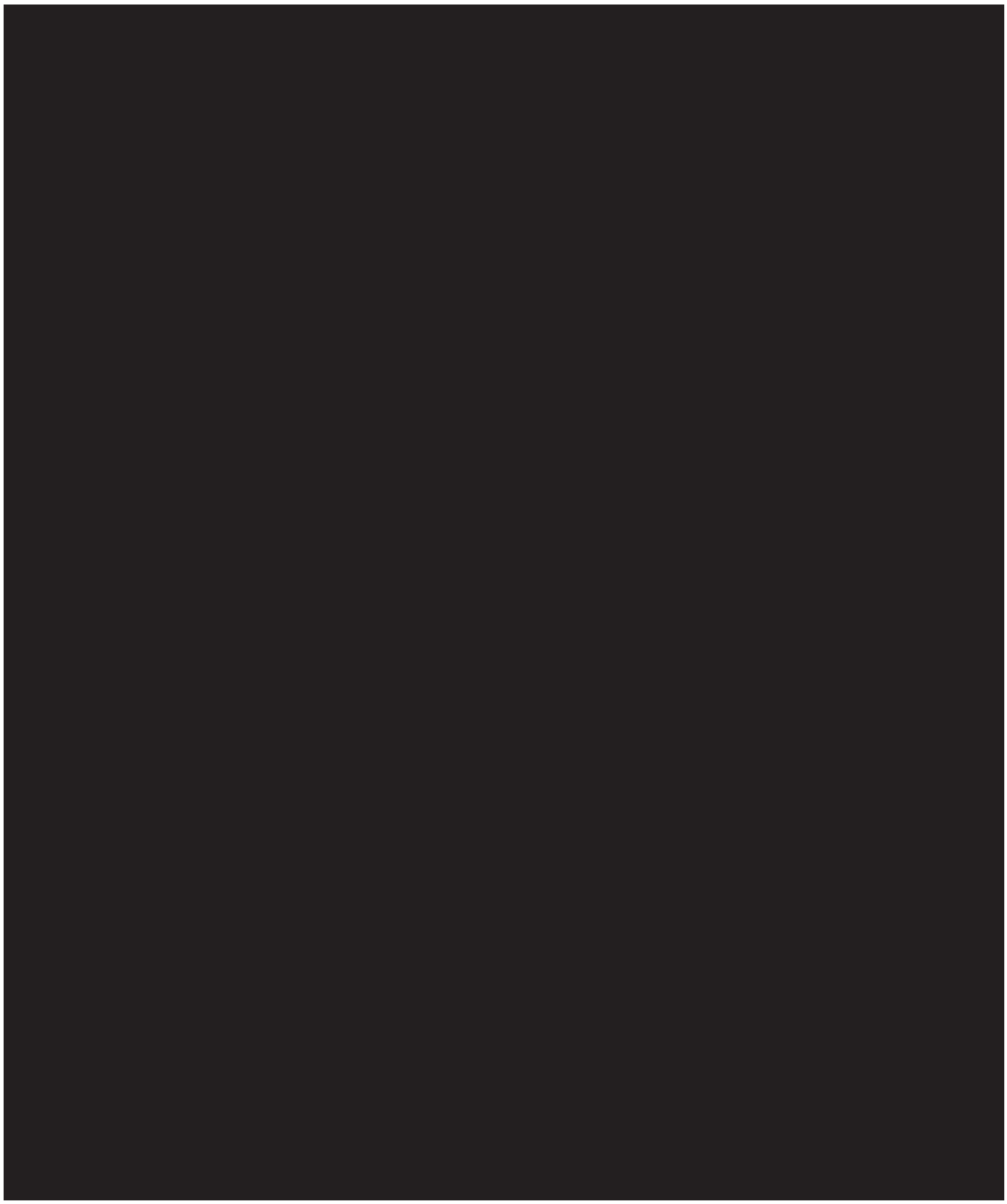


Q. Now, when you send new account setup information to a customer, do you send a whole packet of information that includes more than one document?

A. We really don't send anything to a customer. They could either get it online -- they usually would get it online and be able to print it off as I

described earlier. It's information needed to set up an account. It would be the customer sending information to Anda, not vice versa.

Q. If a customer contacts Anda and says I'd like the information to set up an account, what does Anda send them?

A. Again, we might send them -- we might send it but more often than not, more often than not we're going to tell them go online and print it off because then it doesn't get lost in the mail, it's there -- it's not the same chance of something getting lost or misplaced or a document not being there. Chances are, we would -- we would be telling -- we would be asking the customer just print off and send this to us. There may be times we would send it. It wasn't that often, to be very honest.

Q. Mr. Brown, I'm Walmart and I'm about to spend a billion dollars on pharmaceutical products. I'm calling up Anda and saying, can you send me the information, the packet of information that I need to fill out to become a customer. What do you send them?

MS. CHARLES: Object to form.

A. Well, are you talking about new control --

new control customer or new customer generally. I just want to be clear, because there is different -- there is different information, that's all. I can tell you what we would send them from a control standpoint.

Q. Okay. Let's start with that.

A. From a control standpoint, we would send them a copy of our customer questionnaire, a copy of our -- a copy of our dispense data format, and we would also send them -- we probably -- in some cases we probably would send them this other item prescription drug -- prescription drug abusive, a team effort -- or fighting prescription drug abuse, a team effort, to explain what we do and why we do it.

[redacted]

Q. Is that accurate?

A. Correct.

Q. Okay. So that information goes to the new customer?

A. Uh-huh.

[redacted]

[redacted]

Q. Okay. So this is you opening a new account with your customer and Anda is providing them information about the problems associated with prescription drug abuse?

MR. MATTHEWS: Objection.

A. Well, it's really -- that's one -- this is not just used for new customers. Again, we keep it on our website as information to existing customers, to people who can go on the website who may not be existing customers at all, but be able to view what we -- what we do, why we do it, and our -- you know, our -- what are the concerns and how we try to address those.

Q. And part of the concerns that you're trying to convey to the customer is that you need to collect a lot of information from them because there is a prescription drug abuse epidemic in the country?

MR. MATTHEWS: Objection.

A. In order -- well, what we say is, we need to collect information, we know there is an issue and in order for us to allow you to purchase these items, we need to have this information.

Q. Okay. Now, the last sentence in that first

paragraph at page 6509 states: Currently, Americans account for over 80 percent of the world's population's usage of opioid drugs and 99 percent of the total usage of hydrocodone.

Again, is this Anda attempting to educate its customers on the potential abuses associated with opioid products?

A. It's explaining why, unless we have -- unless we get -- it goes on about knowing a customer, unless we have a comfort level with our -- with our customers who are looking to buy these products, we are not going to be able to provide these items and there is, you know, there certainly is an issue with them in terms of addiction, of abuse, et cetera, that is concerning, yes.

Q. Okay. And the know your customer segment of this is described in fuller detail in the third paragraph of this communication to a potential customer, which states, quote: Manufacturers and distributors are required to know their customers to whom they are providing controls and maintain suspicious order monitoring systems that identify orders of controlled substances that vary from the customer's normal frequency, size, and pattern.

You're conveying to the customer, as part of

potentially opening an account with them, that you have to obtain certain know your customer information?

A. Uh-huh.

Q. I need verbal answers.

A. Yes.

Q. Okay. And in particular, you need to obtain sufficient information to maintain suspicious order monitoring systems?

A. Yes.

Q. And to determine whether the orders that those customers submit vary from the customer's normal frequency, size, and pattern?

MR. MATTHEWS: Objection.

A. Yes.

Q. In fact, the frequency, size, and pattern are all part of the suspicious order monitoring regulation, aren't they?

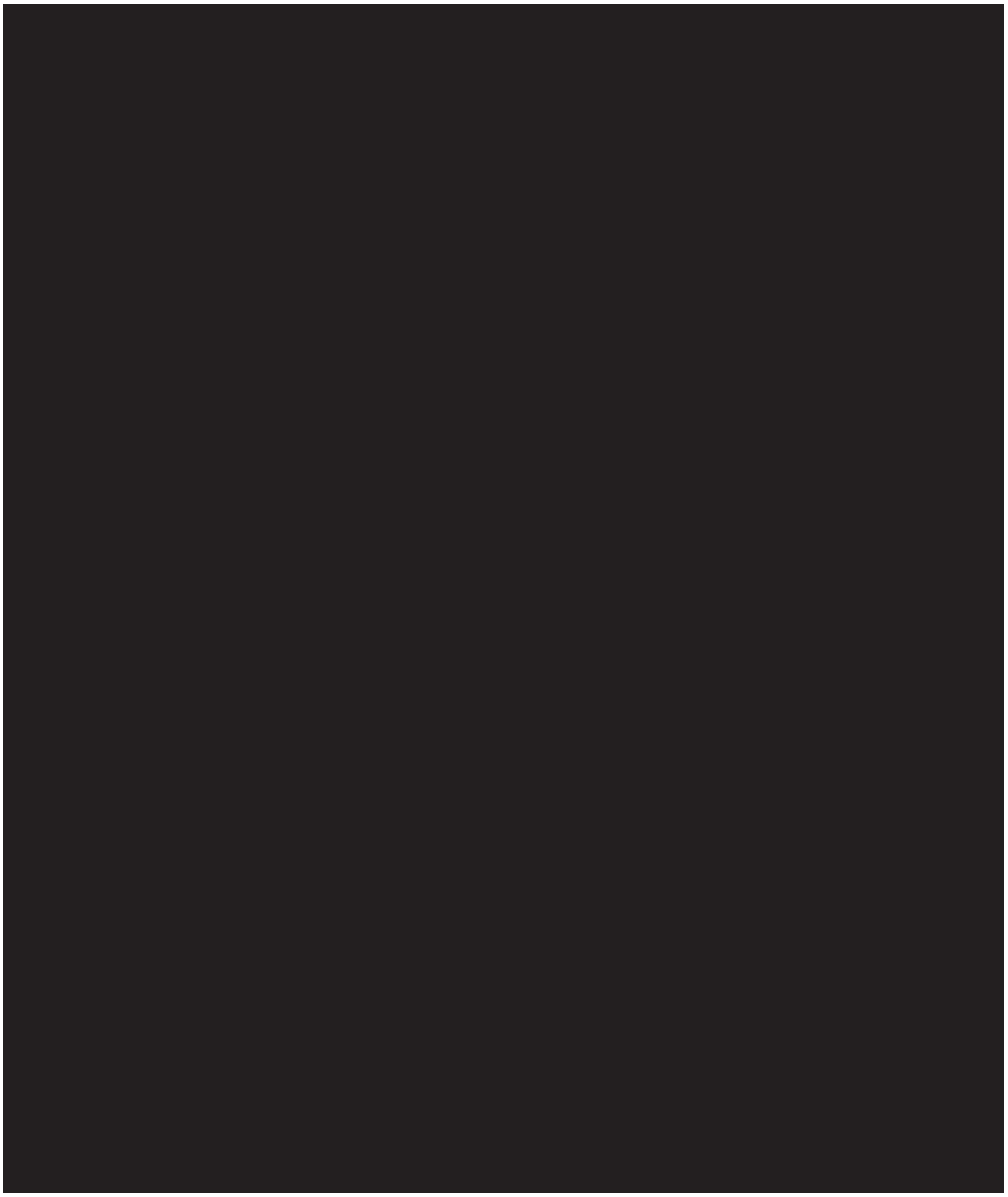
MR. MATTHEWS: Objection.

A. I -- I don't have it in front of me, but -- so I'd have to verify that, but I believe that's the case, that's how it's defined.

Q. Okay.

A. Or at least listed in the -- in the code.

[redacted]



Q. Okay. Part of the performance of your responsibilities at Anda involved keeping yourself apprised of information as it related to the existence of an opioid product epidemic, did it not?

MR. MATTHEWS: Objection.

A. Certainly I was required to maintain current knowledge of controlled substance trends, issues,

concerns, policy determinations, changes in statutes, regulations, yes.

Q. Okay. And part of that was also keeping your staff informed about the nature of a prescription drug opioid epidemic, was it not?

MR. MATTHEWS: Objection.

A. Again, my responsibility was to inform our staff about all or most current developments and the most current statutes and regulations and findings dealing with controlled substances, both if they were -- if there were changes in state issues, if there were changes in federal issues, trends, et cetera. So it's a pretty broad responsibility in terms of knowledge base and sharing of information.

Q. Okay. And part of changes in federal issues or trends that you provided to staff included information about the nature of the opioid epidemic?

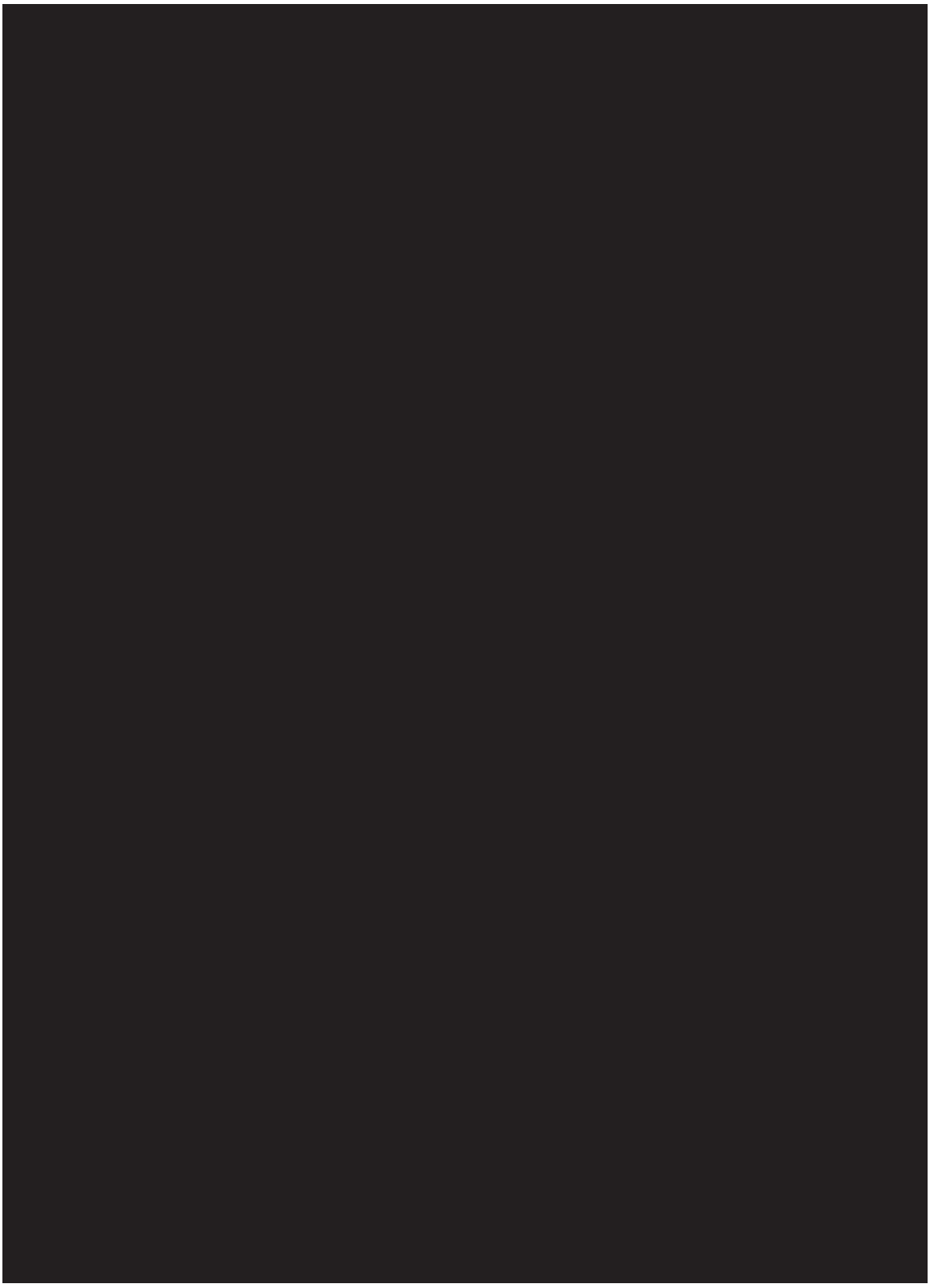
MR. MATTHEWS: Objection.

A. As -- as a -- as information came out, again, in the context of controlled substances, dealing with all -- dealing with many types of issues, yes.

Q. If you can go back a moment to Anda-Brown Deposition Exhibit 3, if you look at the top of an e-mail, and this is the page of Anda-Brown

Deposition Exhibit Number 3 ending in 8068, if I'm reading the numbers correctly, and that's just a vision thing.

A. Sure. Got it. Got it.



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(Anda-Brown Exhibit 8 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked for identification purposes Anda-Brown Deposition Exhibit 8, which is a document bearing the Bates number Anda_Opioids_MDL 560658 through 560660. The only portion of the exhibit that I will ask you about is the page ending in 60658.

There is an e-mail there authored by you on December 6th, 2013, to Thomas Skono. Who is Mr. Skono?

[redacted]

[redacted]

[redacted]

MR. NOVAK: Take a quick five minute break so I can move some paper around.

THE VIDEOGRAPHER: Off the record, 2:21 p.m.

(Recess from 2:21 p.m. until 2:31 p.m.)

THE VIDEOGRAPHER: On the record, 2:31 p.m.

BY MR. NOVAK:

Q. Mr. Brown, do you know who Buzzeo is?

A. Yes. It has gone -- it's undergone -- it's a company that's undergone several iterations. It was started by a former DEA executive, Ron Buzzeo, it later became BuzzeoPDMA, it became Quintiles, I think it was then -- and I can't remember the name of the information service that -- the data that they provide. And then it was -- I think it is IQVIA, now I believe. So yes, I am familiar. They are a consulting company and they do a variety of things in the pharmaceutical industry and various

consulting.

Q. During the time that you were director of regulatory compliance at Anda, did you contract with BuzzeoPDMA?

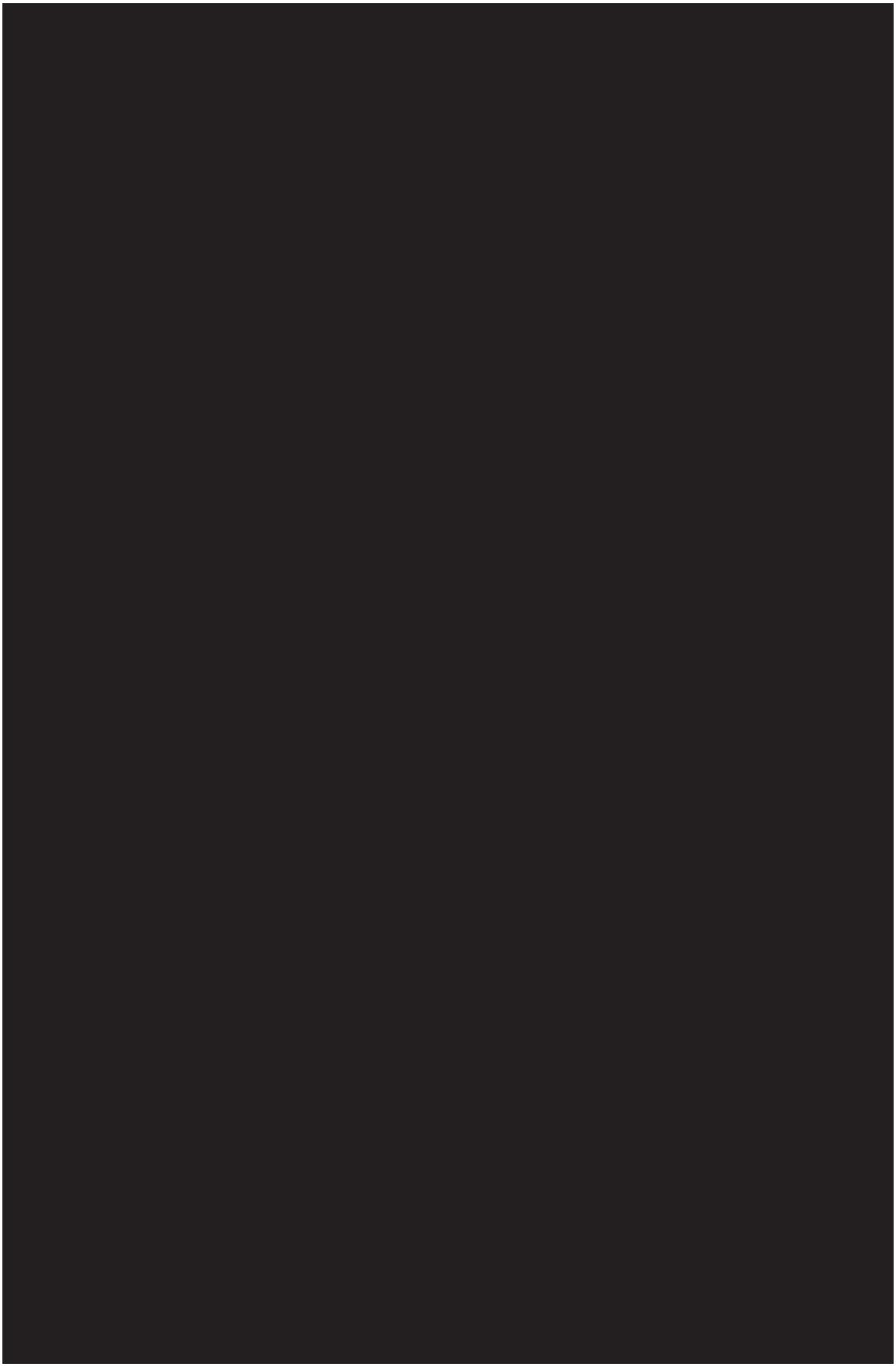
A. We did to -- we -- it was a two-pronged approach. One was to do a review of our entire suspicious order monitoring system, which included -- includes our customer due diligence and what we do to vet customers and gather information, and then also to look at the electronic system and see if there were ways of upgrading or enhancing, I should say, that system, because that's something that they had indicated they, you know, they had a system that's -- you know, that they wanted them to, at least, look at ours and kind of compare it.

If I may add, we ultimately did engage them to develop a new -- an enhanced electronic order system.

(Anda-Brown Exhibit 9 was marked for identification.)

BY MR. NOVAK:

[redacted]



(Anda-Brown Exhibit 10 was marked for identification.)

BY MR. NOVAK:

[redacted]

[redacted]

Q. Okay. And you facilitated a meeting that the BuzzeoPDMA people had with Michael Cochrane, the Executive Director of Regulatory Compliance at Anda?

A. Yes, let me clarify, that Michael and I did this jointly, but I was -- and he said, go ahead and handle it, so I did. I mean, asking them for the assessment, you know, entering the agreement, having the engagement was all done in coordination with Michael. It was not done independently or without knowledge, let's put it that way.

[redacted]

[redacted]

Q. Charles Phillips is the President of Anda?

A. That is correct.

[redacted]

[redacted]

Q. Is that consistent with your understanding

as to the regulatory investigations that occurred at Groveport and Westin?

MR. MATTHEWS: Objection.

A. I do know there were -- there were some delays in the Groveport, Ohio, and Westin, I know it took -- it took -- the recertification took about almost a year, but I will say that what the DEA informed us on that was, that they just weren't in any hurry because we were operating and they didn't have any major concerns.

Q. Now, we haven't really talked much about the distribution facilities for Anda. There were three main distribution centers at the company during the time that you were there, correct?

A. Yes.

Q. And those were located at Groveport, Ohio, Westin, Florida, and Olive Branch, Mississippi?

A. That's correct.

Q. And the vast majority of the controlled Schedule II narcotics that Anda delivered to its customers, including almost all the opioids, went through the Groveport, Ohio, facility, is that correct?

MR. MATTHEWS: Objection.

A. To the best of my recollection.

Q. Okay. Over 90 percent?

A. I don't know that amount.

[redacted]

[redacted]

Q. Okay. So you, James Gatto, that was the individual?

A. Yes.

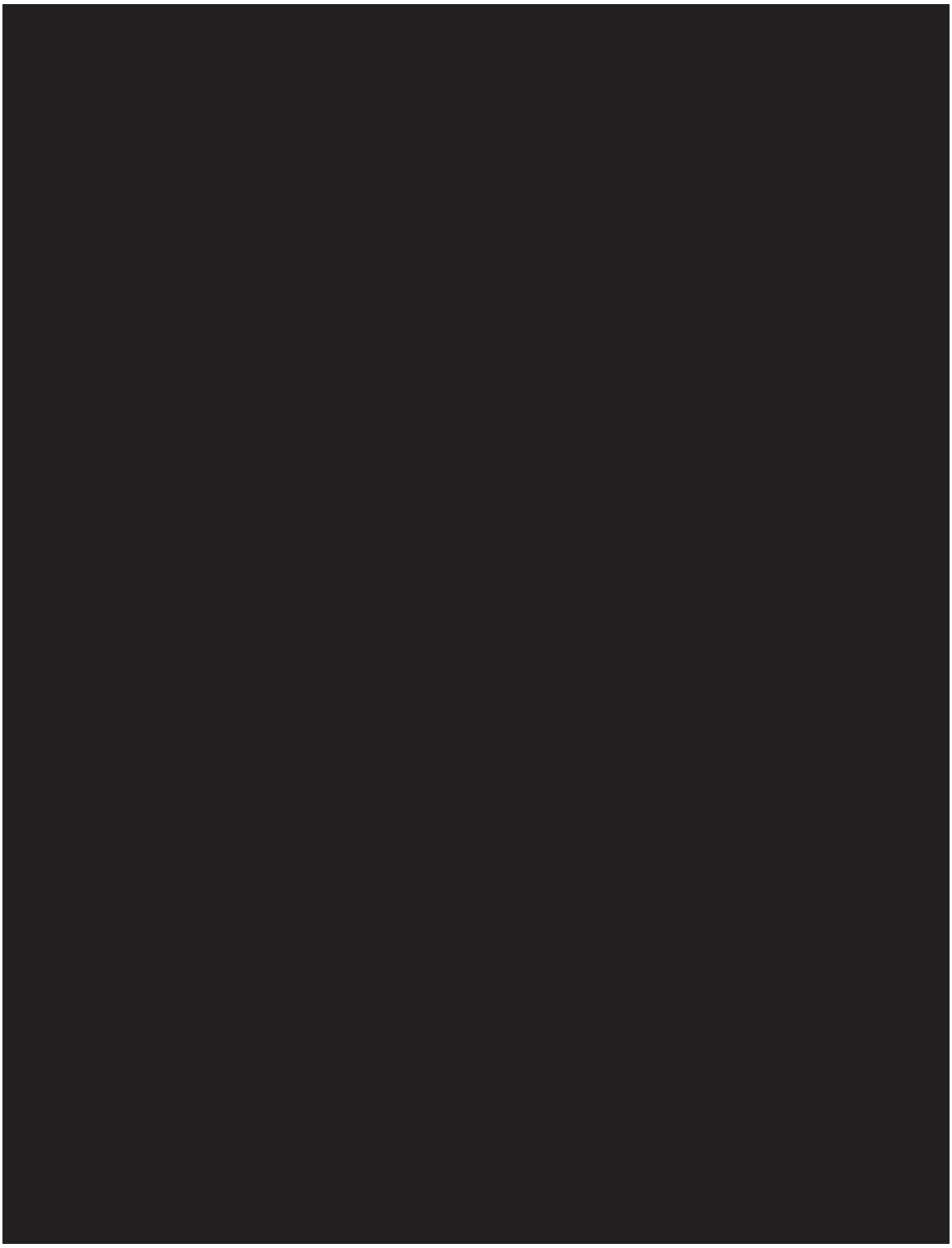
Q. Sabrina Solis, Mary --

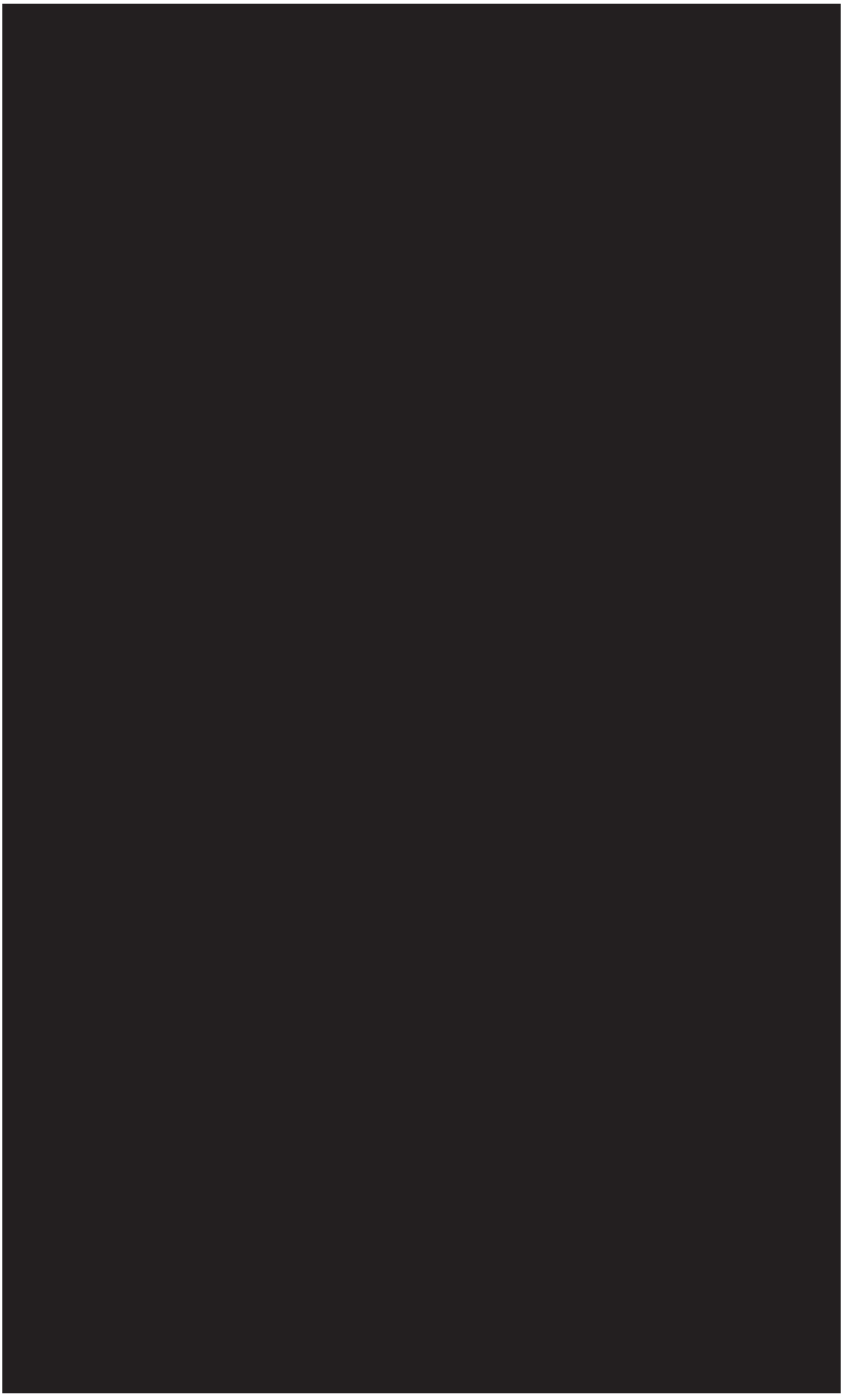
A. Barber.

Q. -- Barber and the other two?

A. At that time it was Latoya Samuels and Tasha Campbell and then Sabrina was actually reassigned to the licensing portion of the compliance, because they were also dealing with some other -- they also gained some additional responsibilities in that

division, so Sabrina worked under Emily Schultz and we brought in a gentleman named John Kincaide, who had been in the contracts department. So we didn't lose anybody, the numbers stayed the same, but Sabrina was reassigned at that point.





[redacted]

I think your testimony this morning had touched upon the every three years for the customer questionnaire. I don't recall. Did you also identify that there was requests for fresh dispensing data every year?

A. Yes, I did say that, and I said, at minimum once a year because in the event that they wanted to be eligible for methadone or oxycodone or have a limit increase, that they would have to provide dispense data, so it may have been more than once a year, but a minimum once a year, yes.

[redacted]

Is that the standard operating procedure we were reviewing this morning?

A. Yes, it is.

Q. It continued --

[redacted]

Q. There are -- and let's take a break and talk about that for just a quick second.

A. Okay.

THE VIDEOGRAPHER: Are we going off the record?

MR. NOVAK: No. No. No.

Q. The standard operating procedures that we reviewed this morning, SOP 28 for new customers, SOP 40 for suspicious order monitoring, and SOP 45 for the remedy review program, all of those are subject to review by compliance officials at Anda on an annual basis, correct?

A. That is correct.

Q. And they're evaluated to determine if any tweaks or revisions to them are necessary?

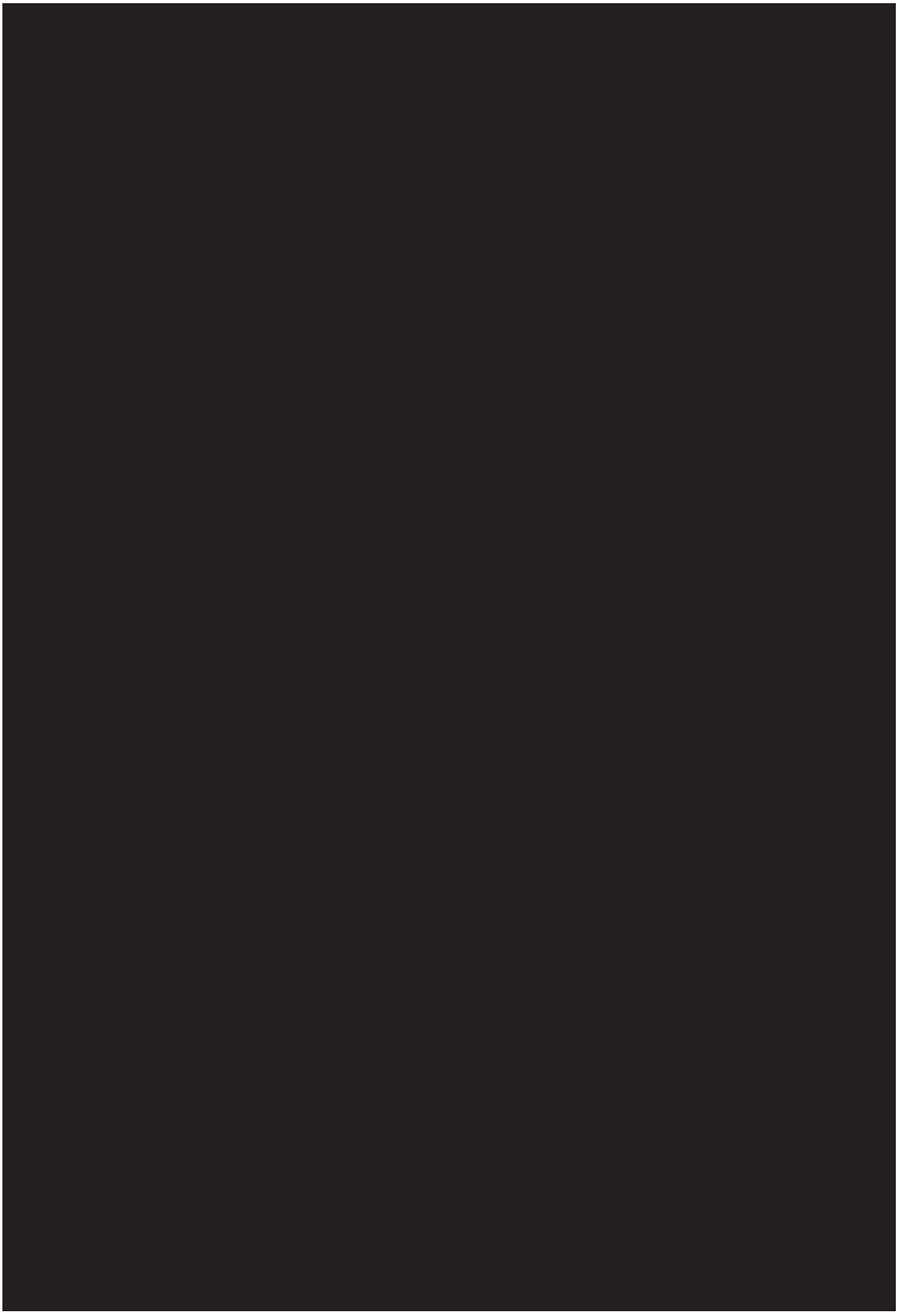
A. That is correct.

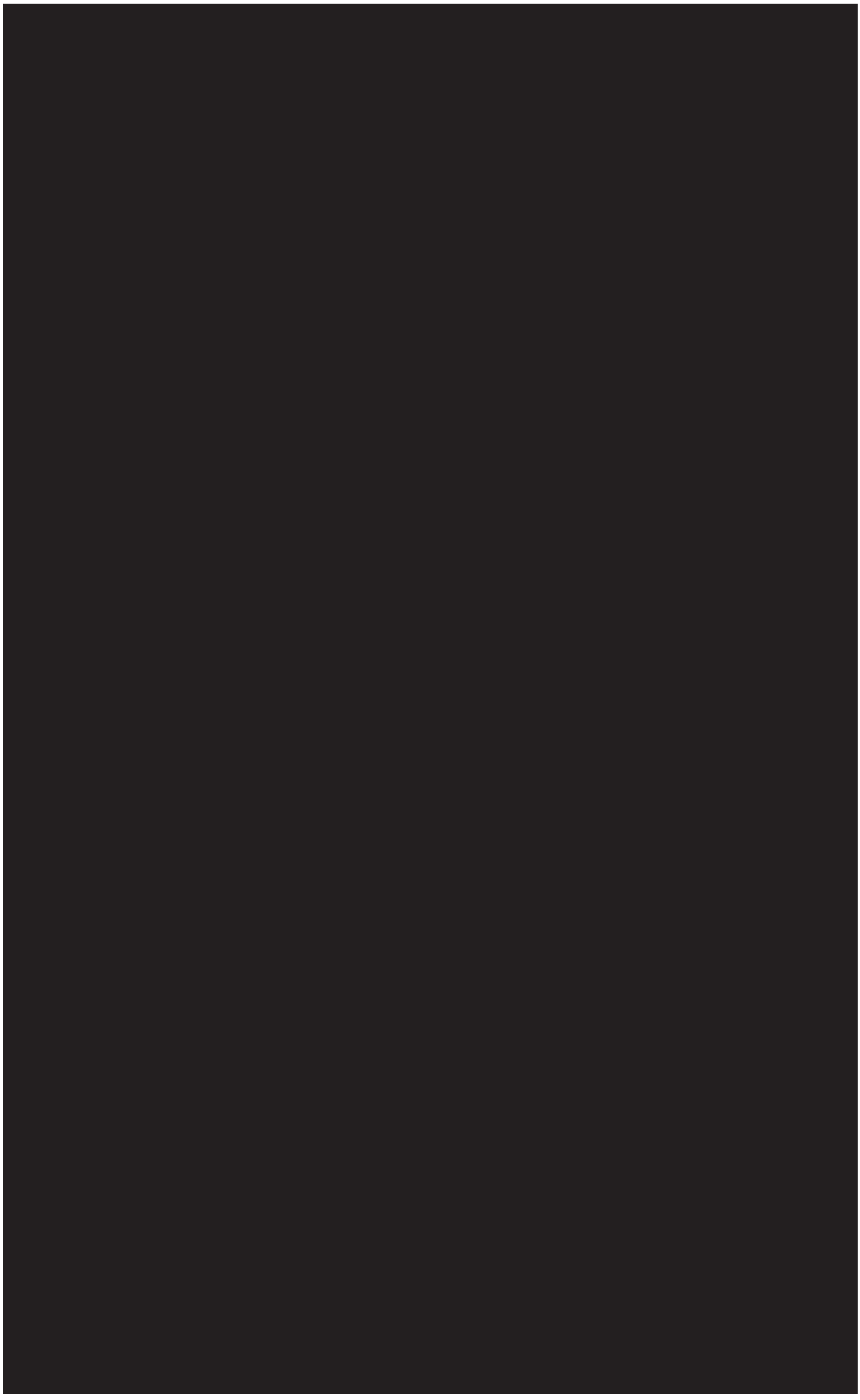
Q. And they are also signed off upon even if no revisions are made to reflect the fact that they are revised on an annual basis?

A. That is correct.

Q. Or I'm sorry, reviewed on an annual basis?

A. Correct.





[redacted]

[redacted]

Q. Ah, how did we -- how did we both miss that?

A. Exactly. Exactly.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Q. But just to be clear, Anda did have customers when you were there that ordered 2,000 pills per month of OxyContin?

A. That is correct.

Q. In fact, Anda had some customers that ordered much more than 2,000 pills per month?

MR. MATTHEWS: Objection.

A. I'd have to go back and look. To my -- the best of my recollection, there were some customers, yes.

Q. Okay. And they would have gotten to those higher levels by virtue of Anda's compliance people performing a remedy review process, pursuant to Standard Operating Procedure 45, that would have enabled them to increase their limits.

A. That is correct.

[redacted]

[redacted]

Q. Okay. And those eight reasons would, with the appropriate due diligence being performed, allow someone on your compliance team to release an order that exceeded the 1,000-pill limit for OxyContin?

MR. MATTHEWS: Objection.

A. The limit would have to have been raised before the order is released. They couldn't order 1200 unless they were allowed to order, which means the limit would have to be increased, and then oftentimes it would be -- depending on the customer history, it would be flagged because it was the first time they ordered that much, or -- and/or --

remember we talked a little bit about a secondary, being a secondary supplier. And customers generally, not all the time, but generally customers who order from a secondary supplier order them -- make those orders when their primary is either out or has a higher price or doesn't have that particular item. So it's not a consistent ordering pattern. So it may not be -- so they may order something -- they may order 800 of something in June and they don't order another, that same product again until November. Well, the order would flag and we want it to flag because at least we want to see, oh, what are they ordering here, and it might flag for that purpose but in the meantime they needed 1200, because they said, we only ordered 8, but we normally dispense 15,000 and we need to -- we have a doctor who likes this product, this SKU and you are the ones who carry it and you have a better price, and they put all that in writing with the doctor and the patient and all that, and we say fine, but we'll approve that limit, but a lot of the orders really hit because there is no established pattern because it's a -- we're a secondary supplier.

Q. Okay. In that answer you suggested that the

customer may typically order 15,000 units of OxyContin?

A. No. I said they may dispense a total -- a total of 15,000, they want to go from 1,000 to 1200 or 1,300 from us. They want an extra 13 -- your example, 1200, they may want an extra 200. They give us the reasons and we go back and say well, they do 15,000 a year and their Metformin is at 50,000, it's a whole analysis.

But, I guess, what I'm saying is many customers who are second -- who utilize -- who order from their secondary are not necessarily ordering the same product in the same quantities month after month after month.

Q. Okay. It makes it more challenging for Anda to figure out what a pattern of typical ordering is?

MR. MATTHEWS: Objection.

A. Correct. Which is why -- yes, that's correct.

Q. And for that matter, Anda needs to obtain dispensing data not only for the opioids that the customer provides from Anda, but also the opioids that the customer dispenses that it bought from its primary supplier?

MR. MATTHEWS: Objection.

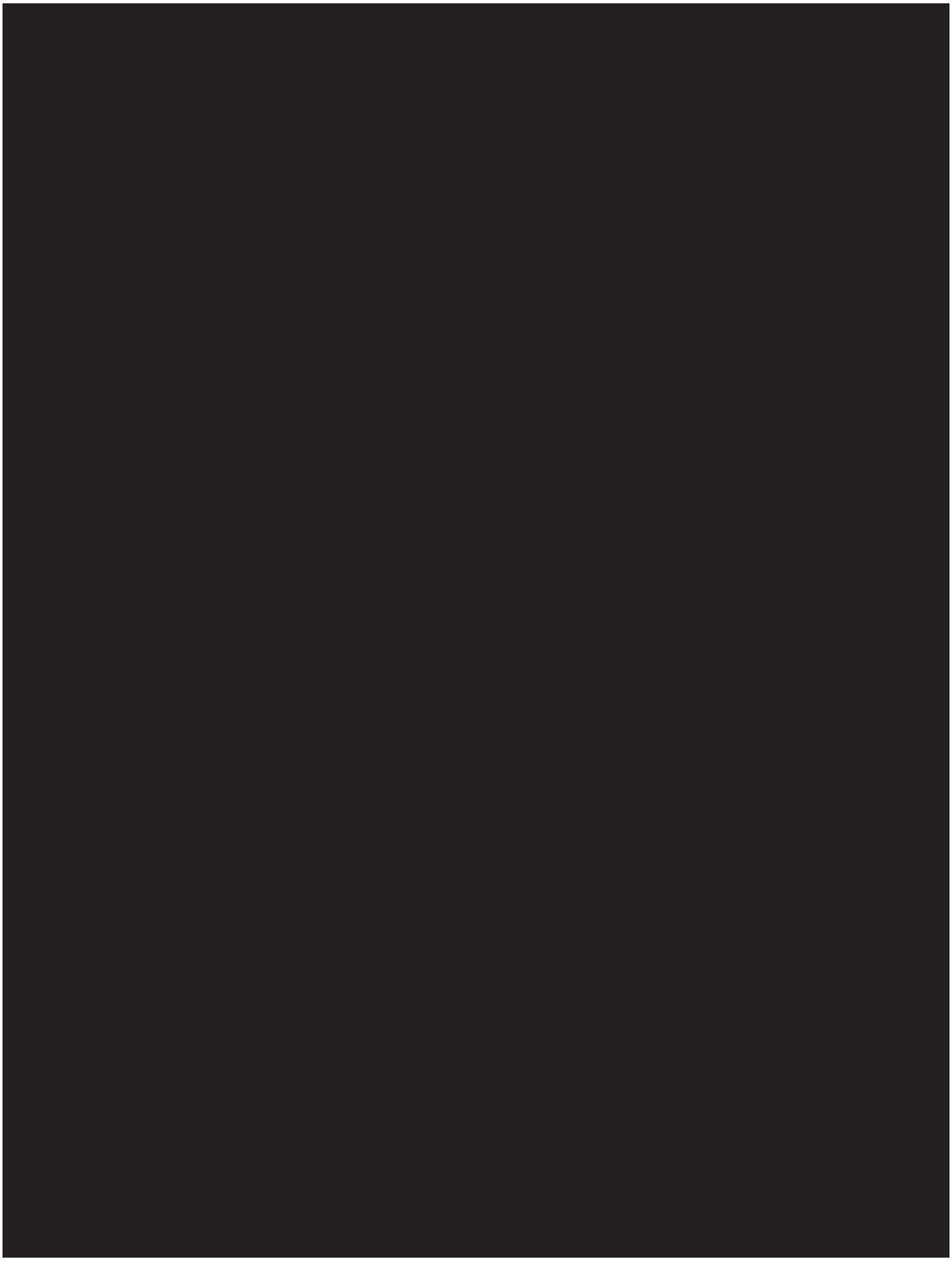
A. Again, I would just -- I would just change it to it's not just opioids, it's all controls and frankly, it's noncontrols as well because we look for that -- you know, conversely, if they are buying three noncontrolled products from us and that's all they are buying and those are the only noncontrolled products they are buying because we see what else they have dispensing from other people, that's another issue. That's why we need to see the whole picture.

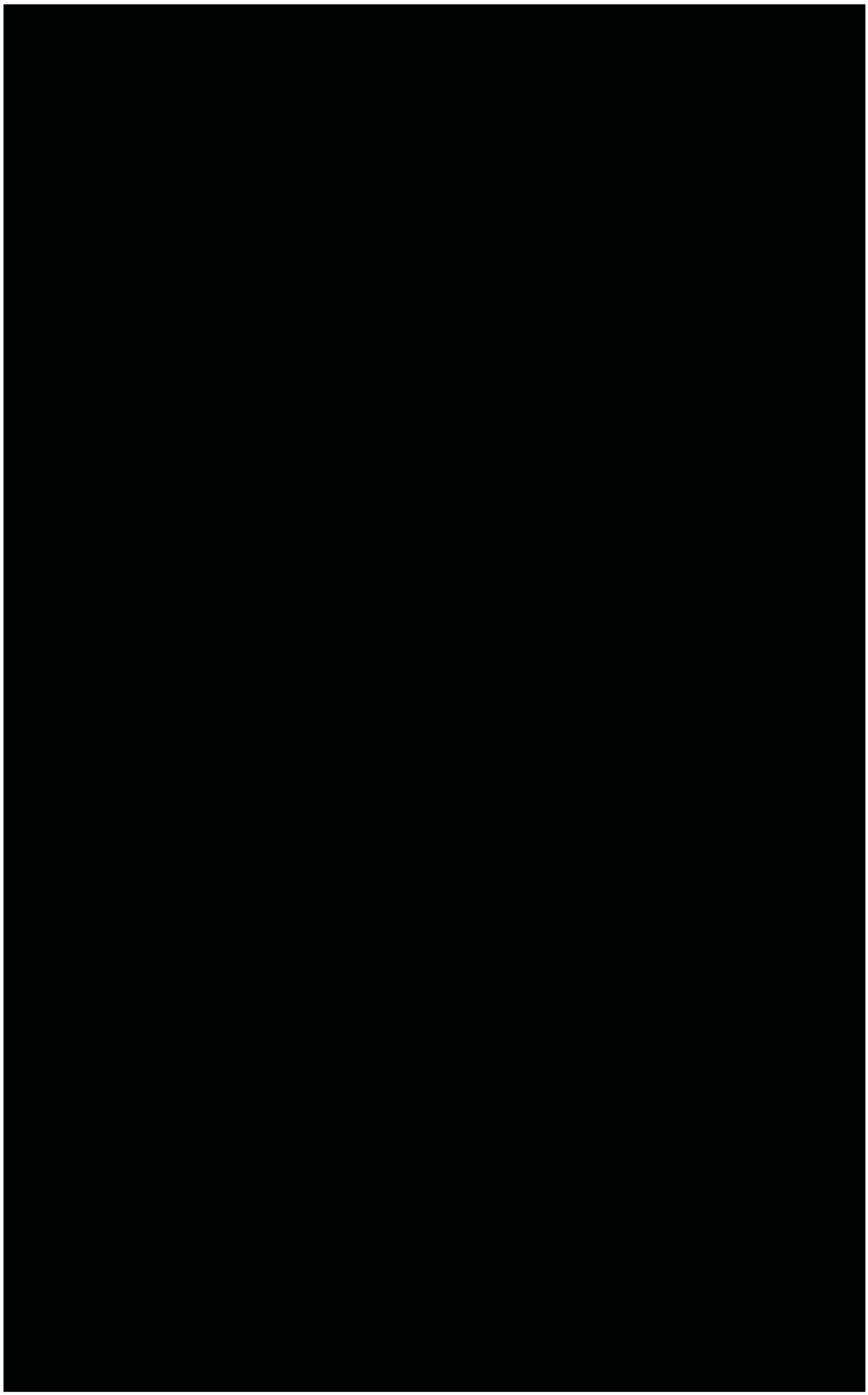
Q. Okay. You understand we're talking today and we're here because of an opioids epidemic, not because of dispensing of other types of drugs, right?

MR. MATTHEWS: Objection.

A. I understand, but if we're going to describe the factors that we reviewed in determining whether we were comfortable selling product, opioid -- if we're selling opioids, we have to look at the entire customer picture because even if, again, they are not buying -- the example I used before, we don't want oxycodone from you, we don't want any opioids, we want to buy -- we want to only use lorazepam because you have a good price on it but their top six products are hydrocodone, hydromorphone,

oxycodone 30 and oxycodone 15, we are not going to sell to them. So that's why we need the whole picture. I'm just trying to explain our analysis of how we looked at customers and how we make these decisions.





[redacted]

Q. Right. So when these increased orders came in from the customer due to pricing or promotion

changes, it wasn't your price break that led to the increase in the order, it was the price break that the manufacturer offered and you allowed the increased order to go through to reflect their price break?

A. Right.

MR. MATTHEWS: Objection.

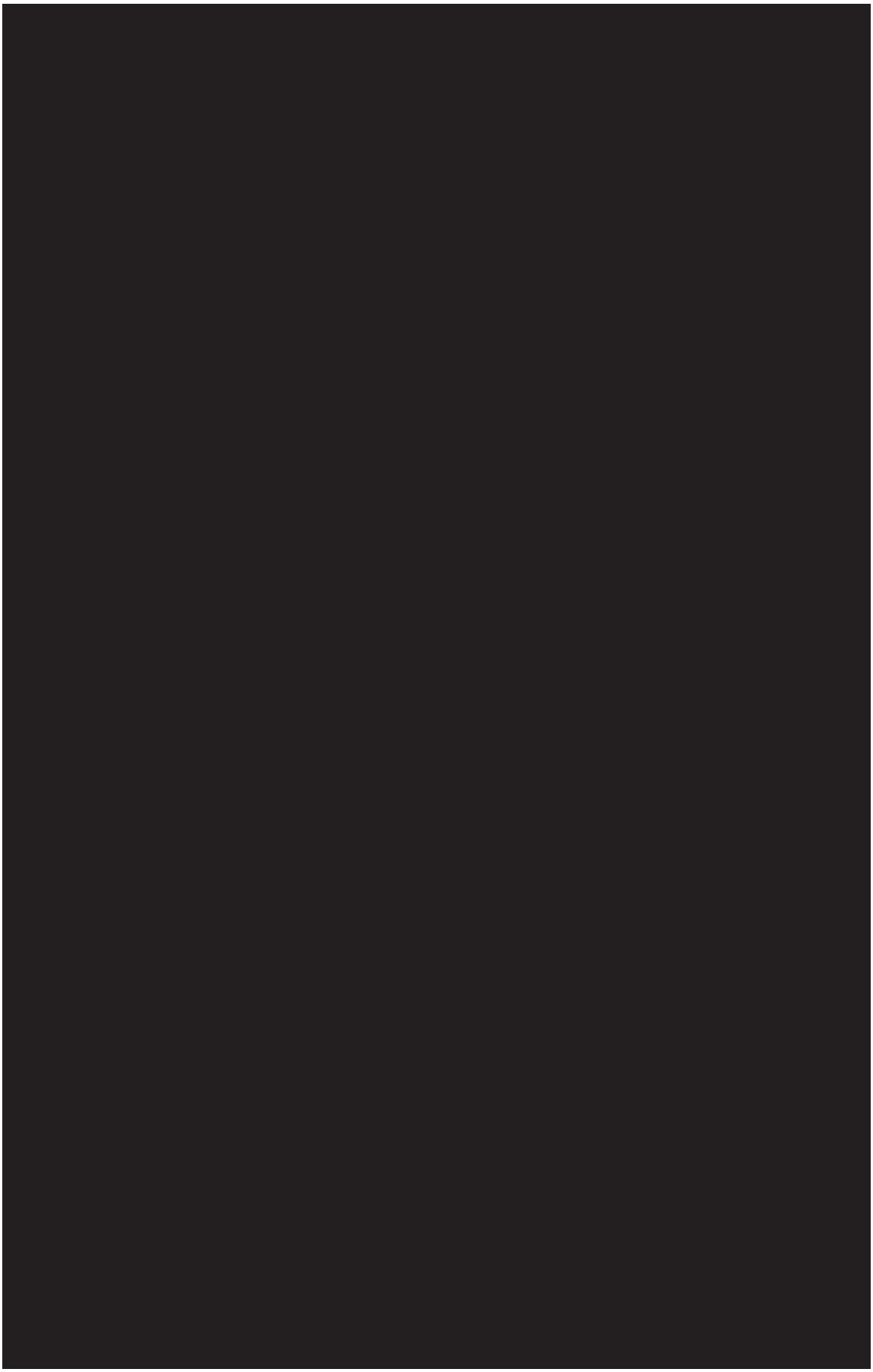
A. And it -- when that happened -- and, again, I would also -- I would also add that the manufacturers we dealt with did their own due diligence on us as well as certain customers, especially there were some that they sold direct to or sold direct through Anda as a -- as a supplier, but they did their own due diligence as well as ours. So there were really two levels of due diligence on -- on a lot of those items.

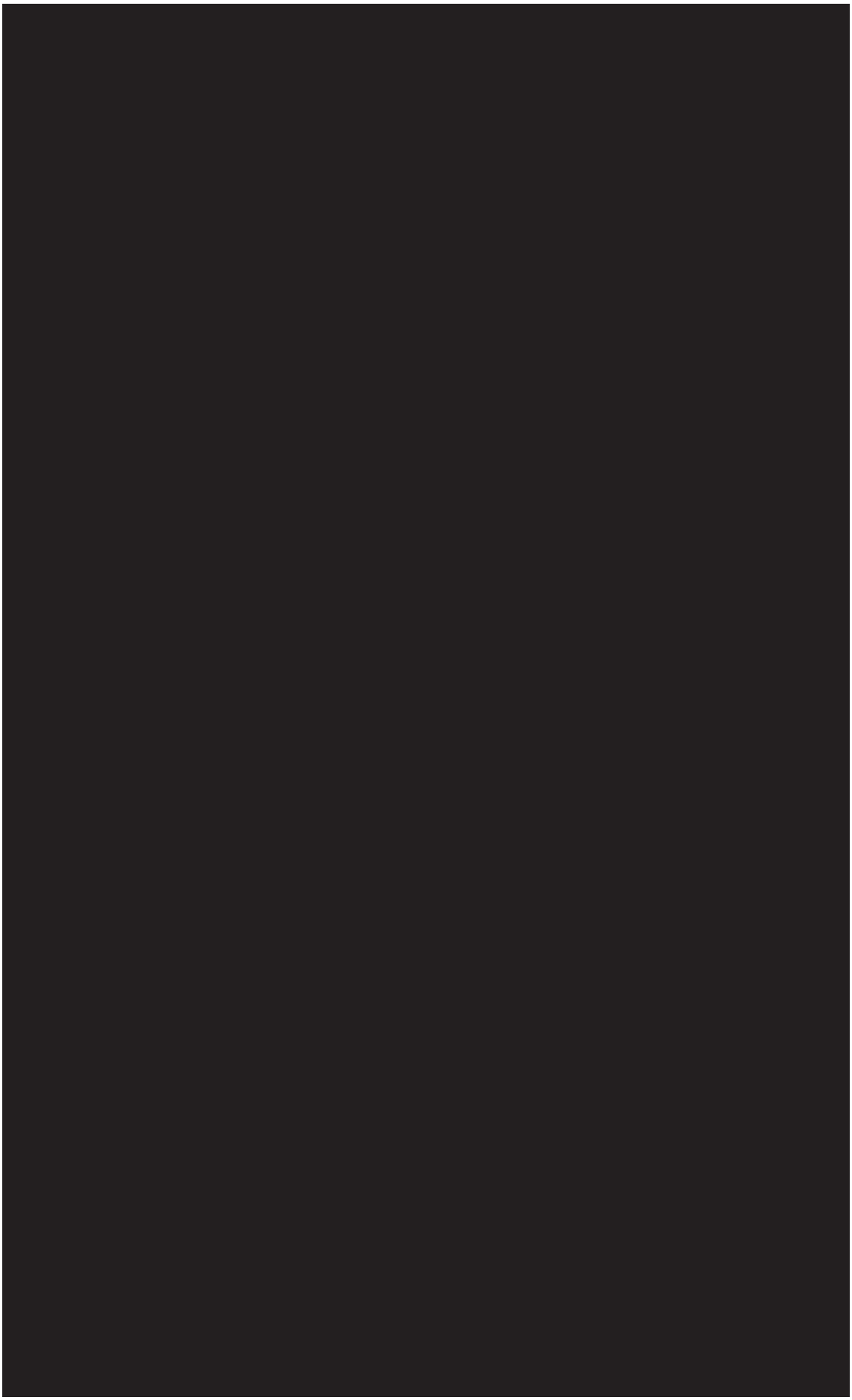
Q. Okay. You were specifically aware of those types of promotion -- pricing promotions as it related to Anda's parent from time to time, were you not?

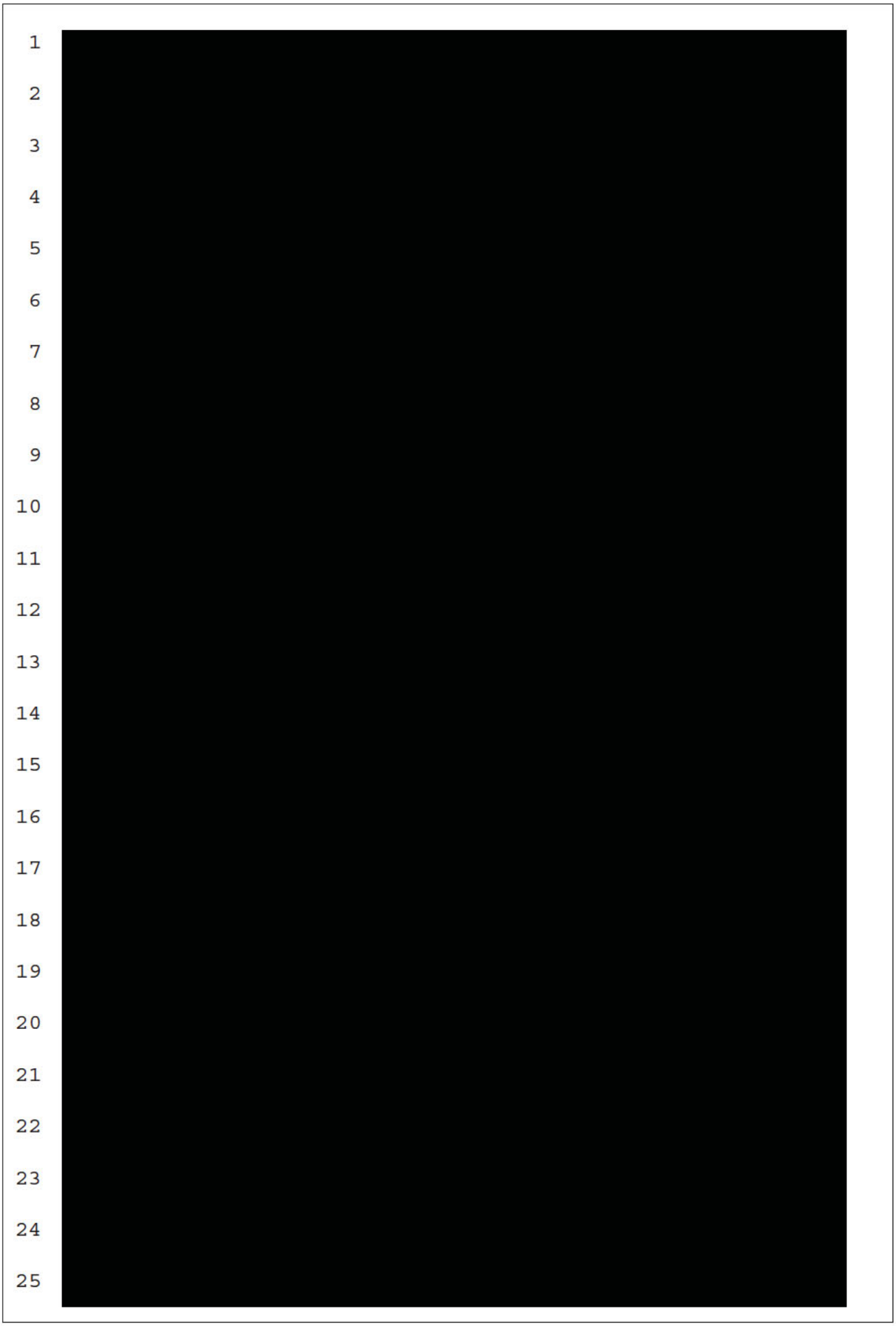
MR. MATTHEWS: Objection.

A. Sometimes we were. It depended how it was communicated, but if -- if we didn't -- let's put it this way: If we weren't aware when the order came in, we investigated and validated whether that was

the case.







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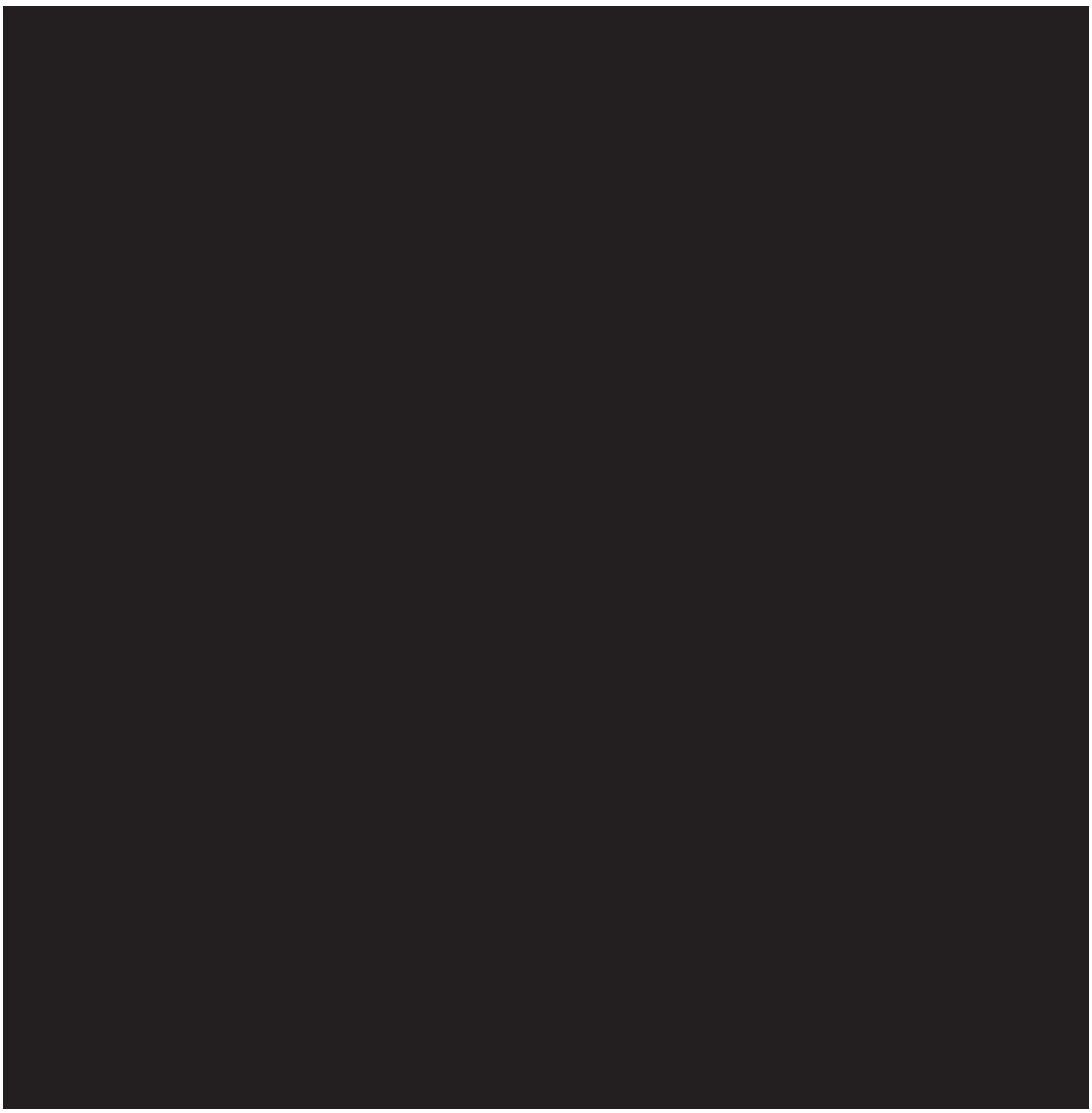


Q. Okay. And for each Anda customer there is -- there are threshold limits contained in the TPS system?

A. That is correct.

Q. Also in the O drive?

A. No.

MR. MATTHEWS: Is this a good time for a break?

MR. NOVAK: Sure.

THE VIDEOGRAPHER: Off the record, 3:33 p.m.

(Recess from 3:33 p.m. until 3:47 p.m.)
THE VIDEOGRAPHER: On the record, 3:47 p.m.
BY MR. NOVAK:
Q. I think that's all for Deposition Exhibit 10.
MR. NOVAK: Do you have the spreadsheet that goes with Exhibit 14?
MS. ELLIS: Yes.
(Anda-Brown Exhibit 11 was marked for identification.)
BY MR. NOVAK:
Q. We've had marked next Anda Deposition Exhibit 11 --
MR. MATTHEWS: Anda-Brown.
Q. -- Anda-Brown -- thanks -- Deposition Exhibit 11, which consists of an exchange of e-mail that are between Robert Brown, Sabrina Solis, and Tasha Campbell. The exhibit bears the Bates number Anda_Opioids_MDL 601903 and 904, and then attached to the e-mail was a spreadsheet bearing the Anda Bates number MDL 601905.
A. Okay. I don't -- I don't have that, but I guess you must have it. It's on there?
Q. The spreadsheet we will review electronically.

A. Okay.

MR. MATTHEWS: Can I just put my objection on the record to using a spreadsheet, an electronic spreadsheet, with the witness, which isn't being produced in hard copy form and as to which there will be no record of a marked exhibit in a deposition.

MR. NOVAK: Sure. I can provide to you -- I mean, there's only so much paper I can lug to Miami. If it assists in resolving your objection, I can certainly e-mail to you immediately the electronic version of the spreadsheet.

MR. MATTHEWS: Sure.

MR. NOVAK: Okay.

MR. MATTHEWS: How many pages is it, do you know?

MR. NOVAK: I don't. I just know at some point our -- there was only so much we could do, but --

MR. MATTHEWS: Let me just say, what I'll try to do is get the pages you're using printed so we can print and mark it.

MR. NOVAK: Okay. Why don't we go off the record just for a second and we'll get the

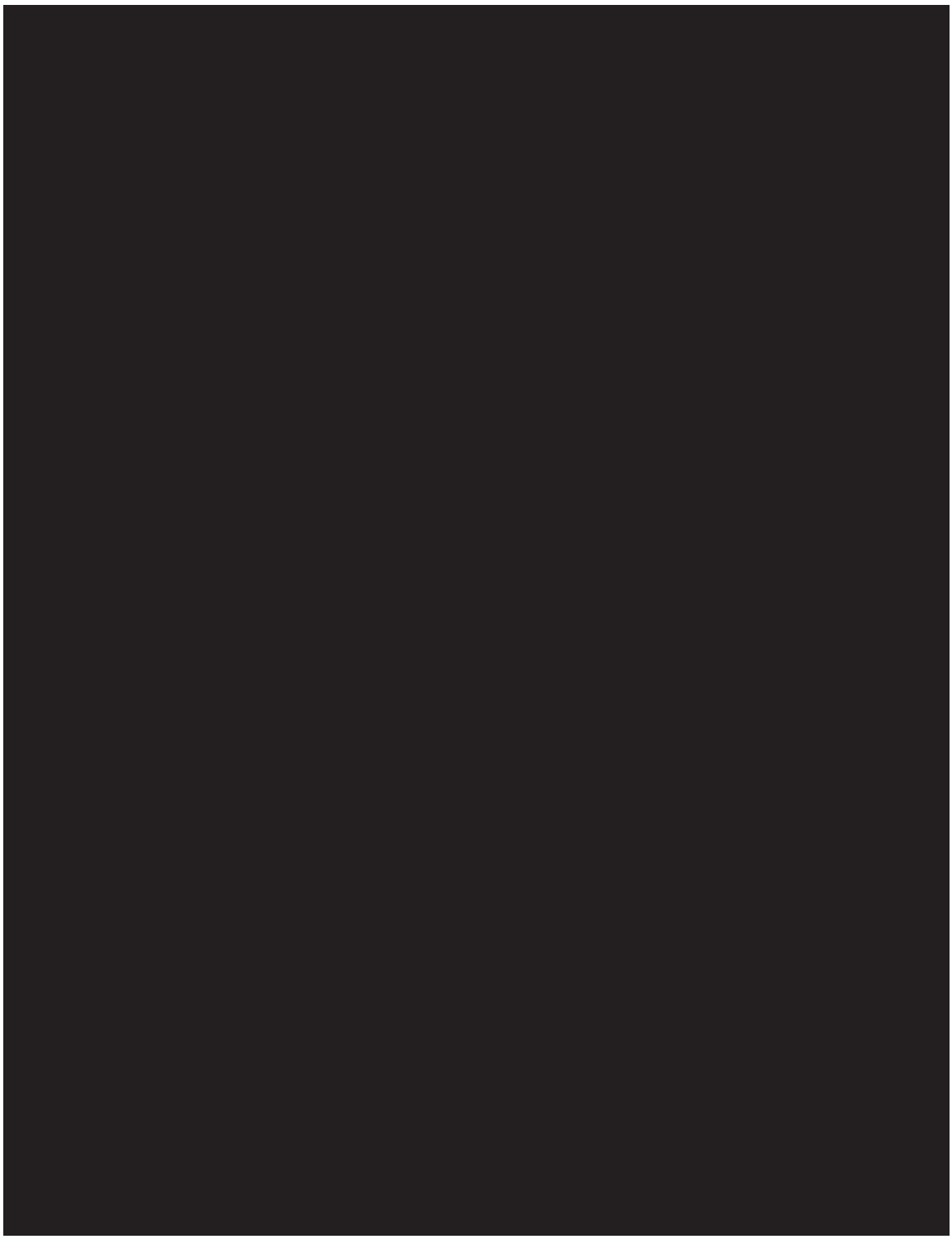
logistics of this worked out.

THE VIDEOGRAPHER: Off the record, 3:51 p.m.

(Recess from 3:51 p.m. until 3:52 p.m.)

THE VIDEOGRAPHER: On the record, 3:52 p.m.

BY MR. NOVAK:



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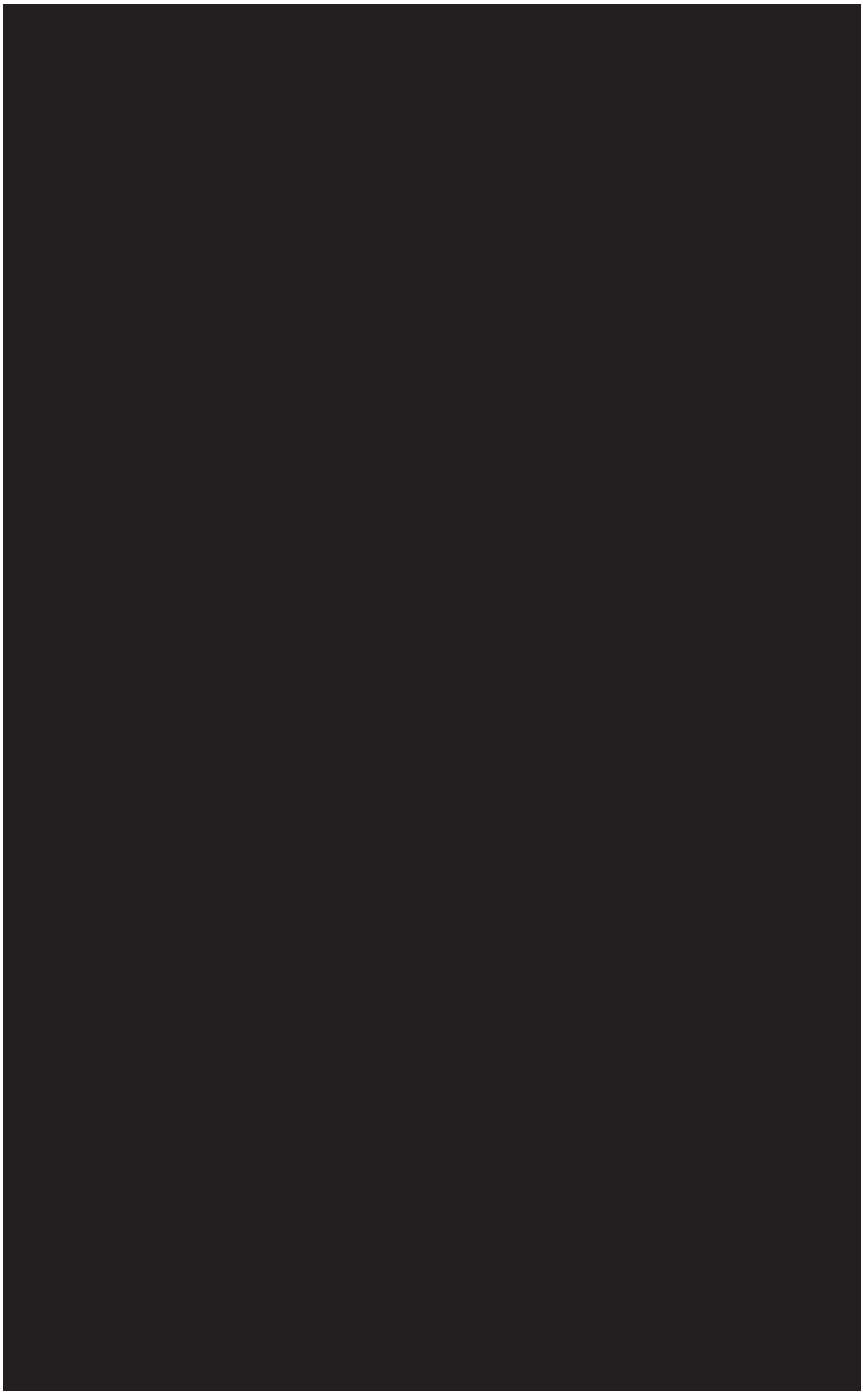


[redacted]

Q. Now --

MR. MATTHEWS: Can I interrupt you for a second?

MR. NOVAK: Yes.

MR. MATTHEWS: Would you mind e-mailing me the spreadsheet?

MR. NOVAK: Yeah.

MR. MATTHEWS: Maybe I need to take a closer look at it before the end of the day.

MR. NOVAK: Okay.

MR. MATTHEWS: Can we do this off the record?

MR. NOVAK: Sure.

THE VIDEOGRAPHER: Off the record, 4:05 p.m.

(Recess from 4:05 p.m. until 4:07 p.m.)

THE VIDEOGRAPHER: On the record, 4:07 p.m.

BY MR. NOVAK:

Q. If we can go back to Anda-Brown Deposition Exhibit 10 for a moment.

A. Uh-huh.

[redacted]

Q. Okay. Now, I'm going to take a huge leap and guess that Anda's not going to agree to let me do that.

And -- and what I would like to know is if there were -- how would one go about obtaining the electronic files that record the due diligence for particular customers?

A. Well, again, in this case, because I -- and I have personal knowledge because I did it. I would go into my screen. I would go into my O drive. I would pull up, and I would show them examples of what we had with the various customer files.

That's -- in terms of how they get transmitted, I have no idea how it gets -- how that file would get transmitted somewhere else. I don't know if it has to be copied. I don't know if it can be down -- I have no idea how that gets done.

I do know how it gets in there. I know it

gets scanned and downloaded into that file -- into a particular file. When a questionnaire comes in, it goes into that particular file for that customer.

Q. And for the -- for the purchase history of controlled Schedule IIs, is that recorded in the O drive or the TPS?

A. TPS.

Q. Okay.

A. And, again, not to belabor it, but it's several different. It shows controls. It shows noncontrols. Then I -- it goes percentage of controls, percentage -- then I can go in and say let me see the number of hydrocodone purchases, and it'll go down and I can look as long as it's been. And they'll have it by -- by strength. You know, one month it's oxy, hydrocodone 5, one month 10/325, et cetera, so I can see it that way and then play -- you know, play with that as well, so depending on what I want to see out of that.

Q. And that would lay out the whole order history as well?

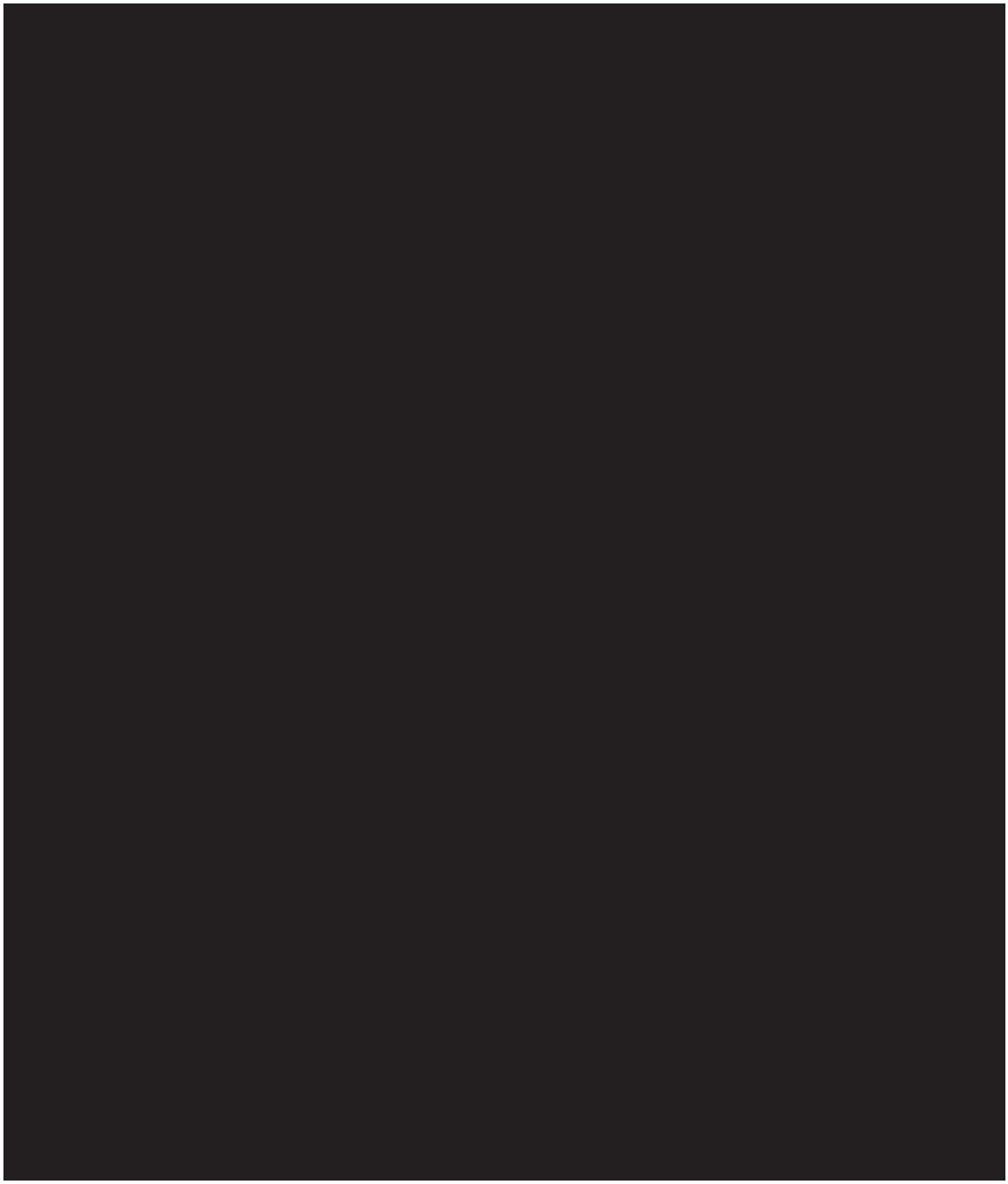
A. Yes.

Q. Okay.

A. By -- in that case, it's by product, but I could also go -- and I didn't do this too often,

but -- well, with specific orders, I did.

I'd go in and I'd see what the order itself was on, you know, November 27th, 2012, what they ordered on that day. But then there were -- I could also -- most of the time, I was doing it by history, so I was doing it by product and by controls, noncontrols.



Q. Okay.

A. Again, you know, reminding that we do get -- I know there are exceptions, but we do get due -- we do get dispense data. The only way we increase it is with dispense data. And from that point forward, we get dispense data on a -- on a yearly basis. So it's kind of verified, you know, is that still necessary.

Q. Okay.

A. And I would say, too, that there were times when we would look at a customer's purchase history with us, and maybe they're -- they have 1,000 limit or 1,500 limit on a family, and they were only purchasing 300 a month for 10 months or so. And we'd say to the rep, you know what, we're -- we're reducing this limit. They're not purchasing this

from us, so why are we -- why are we keeping them at that limit?

And we would reduce it, but we would also let the sales rep know so it wouldn't come as a surprise when they -- plus if the customer did try to order the 1,000, well, you weren't -- you know, you'd let them know. You weren't purchasing so you're -- you know, what have you. There would be some communication, it wouldn't come as a shock, and the customer wouldn't get upset with just the idea that, you know, you don't need us for that so why would we give you that opportunity.

And that did happen.

Q. And the adjustment of limits for all customers is itself a separate data field that -- or it -- or it's in customer notes?

A. Well, the adjustment itself is in the limits -- the individual customer limits, the individual customer family limits. You can actually make the adjustment. But then it's noted in the notes as to when and why.

Q. Okay. So a history of all of Anda's customers could be extracted just from the customer notes field for each customer of the company?

A. If there -- I mean, if there are any notes.

Let's say, for example, you have a customer that -- who was, you know, approved in 2014 and nothing has happened. I mean, they got approved, and it will say approved. And they've never adjusted their limits, they've never asked for new products, they've never done anything else.

It'll just -- you won't see many notes in there. And all it will really change is either the -- is the date -- so let's just use 2014 as the example. You will see new dispense data when the last date -- the most recent date it was submitted and, you know, the most recent date that a customer questionnaire was submitted.

But that's not -- that's not in the notes section. That's on the first page of the customer information section.

Q. Okay. And that's also reflected in the due diligence field?

A. TPS, yes.

Q. Okay. Does the -- is the TPS -- is there a TPS field that actually has a Y or N in the due diligence?

A. On the first -- in the first -- when you -- when you go to TPS and you type in a customer number, the first page that pops up has the name,

the address, the DEA number, the state license number. If it's -- if the license expired, it will be in red. Otherwise, current.

And I think it -- I think it has -- if I remember, it does have an expiration date. And then it will say DEA license, and there was one item in the SOP that talked about see what schedules they're approved for, because there are some DEA licenses that don't -- they don't have -- the customer hasn't been approved for Schedule II, for example, or II or 3N or whatever it happens to be.

So it will say all the schedules that it's approved for, and then it will say, you know, approved for controls, Y; customer questionnaire on file, it will give Y give the date; and customer due diligence and, it will give the date.

Yeah, you can find that all on the first page.

Q. Okay.

(Anda-Brown Exhibit 12 was marked for identification.)

MR. NOVAK: It's a two-parter.

MR. MATTHEWS: Are these two separate? What's going on here?

MR. NOVAK: There's the e-mail and the

attachment -- actually, a couple attachments.

MR. MATTHEWS: All of which collectively is going to be Exhibit --

THE COURT REPORTER: 12.

MR. MATTHEWS: Thank you.

BY MR. NOVAK:

Q. We have had marked as Anda Deposition -- Anda-Brown Deposition Exhibit 12 an e-mail sent from Michael Cochrane to Valerie Mitchell, who has a usdoj.gov address, and then with a CC to Robert Brown.

And then a number of documents are attached to the e-mail: an SOP 28 form, an SOP 40 form, and then a reference to controlled substance sales as broken down at the -- the Westin, Florida; Grove Port, Ohio; and Olive Branch distribution centers of Anda.

Mr. Brown, I'll -- oh, and I should also reference that the Bates number for the agreement -- for the document is Anda_Opioids_MDL 84481.

MR. MATTHEWS: Can I ask a question for clarification?

MR. NOVAK: Yes.

MR. MATTHEWS: The attachments don't have Bates numbers on them, that I see. Is -- were --

is it your position that the attachments were attached to the e-mail?

MR. NOVAK: Yes, and they appear to all have been printed in native format.

We can go off the record for a second on that.

THE VIDEOGRAPHER: Off the record, 4:21 p.m.

(Recess from 4:21 p.m. until 4:23 p.m.)

THE VIDEOGRAPHER: On the record, 4:23 p.m.

BY MR. NOVAK:

Q. I want to direct your attention, Mr. Brown, first, to the e-mail. It purports to be an e-mail from Michael Cochrane, on which you are cc'd, in addition to a number of other individuals; and it's addressed by Mr. Cochrane to Ms. Mitchell.

Looking down at the second paragraph, midway through it reads, quote: "Going forward we will not commingle our customers cut off or refused with any suspicious orders. Rather than an e-mail containing all the information from Emily Schultz, you'll receive a separate e-mail from Robert Brown, as well as a phone call, in the event there is a suspicious order to report. We will include all the specifics regarding the order in our e-mail transmission as well as a verbal via phone call to you or a

designee."

You saw that portion of the e-mail?

A. Yes.

Q. Okay. Do you recall back in 2014 when Mr. Cochrane designated you as the one to convey separately any suspicious order reports to the Department of Justice or DEA officials?

A. Yes, but I do want to clarify something on that.

Q. Yes.

A. Because before I started, Anda had begun -- had had a practice for -- that Emily Schultz kept a report that if there was -- if there were customers that were denied, customers that were cut off, you know, an order, and control customers who were no longer, or customers -- and there were some customers that were reinstated for controls if they had significant changes in their dispense data or what have you, or other information, and suspicious orders, it was contained on a spreadsheet that was a rolling spreadsheet that Emily would send to local and -- field offices and DEA in Washington listing all these, and it was a way of, in our thought, you know, notifying the DEA that we've come across some pharmacies or customers that we're not comfortable

with and you might want to take a look at them.

In our meeting of, I believe, it doesn't say on here, but it was early September of 2014, we had a meeting in Columbus with Valerie Mitchell and two -- actually, if I remember correctly, Brittany Freeman from DEA was not present. She was by phone. Duane Stickles was there. Brice Burchard, who was from New Orleans, but he -- Mississippi, and it was Alberto Esteves, Michael Cochrane. Alberto was our warehouse director in Ohio, and Al Paonessa, who was our President, and we met with them regarding the Ohio -- status of the Ohio inspection, and one of the things that came out of that, we explained what we do in our procedures, and we prepared a pretty, you know, extensive description of the systems, some -- a lot of which we've gone over here, showed them actual screens of what we looked at and information and how we pulled up the 2.2.4.1. We actually had screen shots.

So we talked about this report that we were sending, and Valerie Mitchell said, you know, just having this list of customers doesn't really help us, and if you're reporting suspicious orders, you need to kind of flag it more specifically than just, you know, put it on another column of the

spreadsheet, so what we'd like you to do is, if you deny a customer, tell us why. You don't have to -- it doesn't have to be a book, but indicate this is why you're denied; or you cut them off, what changed, why; if you're reinstated, why. If it's shorter, we want to see that -- when you transmit the e-mail to our offices, we want that highlighted if they -- there's a suspicious order, and, you know, if you cut a customer off, was it by a -- was it for an order, a suspicious, or was it something else.

So that then revised -- I just want to give this context. That's -- that revised -- it wasn't a separate form, it was -- it was an enhancement of the current form and then an e-mail cover that specifically identified if any -- that, you know, any suspicious orders that were in that report.

Q. Okay. Let me follow up on that for a moment. What is the difference between Anda cutting off a customer who submits an order because they're not comfortable for some reason with the controlled substance that the customer has ordered, on the one hand, and determining that it's a suspicious order on the other?

MR. MATTHEWS: Objection.

A. We were not -- in 99 percent of the cases, we were not cutting off the customer because of a specific order. We were cutting off a customer because over -- I'll give a couple of reasons could happen. Customer's control purchase percentage over a three-month period went from 10 percent to 30 percent. Okay? That's not any one order. That's a pattern. That's -- and it's controls. It's not by family. It's a pattern of overall control sales.

We're not -- we're not your control supply -- we're not your controlled substance supplier. We are a secondary for all products unless we have a specific arrangement with you, and in most cases, retail pharmacies, we didn't have that kind of specific arrangement. So that was one reason.

The second reason would be let's say we approved a customer, we looked at their dispense data, and oxycodone 30 was their 80th product and they were averaging 50 pills a script.

Now we get updated dispense data and oxycodone 30 is their third product and it's at 200 pills a script. They have -- chances are they're not buying it from us, but that's a significant change that we're not comfortable with.

Or a customer -- a customer gives us some additional information about a -- or in a questionnaire, you know, they -- or an updated questionnaire, they give us their five physicians, and two of them have discipline action and they don't know that they have, and you call -- I did this myself. I'd call the customer. Do you know that, you know, two of your physicians have discipline actions? Oh, no, I don't know. Which ones?

They'd be cut off, because to us that meant that they were not able to fulfill their corresponding responsibility, which the DEA hammered every time either we met with them or we went to a DEA seminar. Corresponding responsibility. If they weren't carrying that out, then we would say we can't do business with you anymore and we'd report that to DEA.

But it really -- it was very rarely, almost none, based on an individual order. It was based on something changed, if we cut them off. Now, of course, the denial is the first part of it, we never sold them anything, and that was the reason, so -- but that's what we would do, and that's what -- that's what's referenced here. I just wanted to

clarify.

(Anda-Brown Exhibit 13 was marked for identification.)

BY MR. NOVAK:

The document bears Anda's Bates number MDL143508 through 143559.

Mr. Brown, in interacting with Buzzeo PDMA, was Mr. Williamson one of the individuals with whom you interacted?

A. Yes.

Q. Your primary contact there?

A. No, he was not the primary, but he was -- he was the -- the DEA compliance person. He was a retired DEA agent, and so when it came to not -- not statistical algorithms or things of that nature, but, basically, you know, compliance, he was the contact.

Q. Okay. Towards the latter portion of your employment at Anda, were you working with Buzzeo PDMA on developing a new suspicious order monitoring program?

A. We were not -- it was not a new program. What it was was enhancements to our -- what we were doing, and it primarily focused on some different statistical algorithms that they recommended over, I think -- I think we had a rolling 30-day in ours and they recommended maybe a longer rolling period because of, as they indicated, you know, being a secondary supplier, it's really hard to get a true and accurate assessment of the -- of the validity of an order just with 30 days.

So they made some changes in there and they designed some screens that made it a little -- maybe a little less cumbersome to be able to access more information quickly rather than flipping screen to screen to screen. So they were working on that.

But one of the things that -- in the engagement with Buzzeo was if they were going to put -- if they were going to do the statistical algorithm and they were going to, you know, make some enhancements to the system, we wanted to make sure that the SOPs, which, you know, let's say

SOP -- at least SOP 40 was enhanced to accurately reflect what this system was -- and types of orders it was flagging and the algorithms that it was using so that it was consistent.

And we did -- since we weren't -- you know, they were the experts in their system, not that we -- we needed -- we needed to have something in writing that, one, we would understand and we could explain, and two, the DEA comes in, we're not going to say, oh, that's Buzzeo. We weren't -- now, we called some of their customers, and they said -- and the smaller customers and their customers said, ah, we just tell the DEA that we're using the Buzzeo system and that's okay, they're fine.

Well, we definitely didn't feel comfortable with that, so we wanted -- we wanted some additional documentation that actually reflected what their system was flagging or what -- or what they were looking at, the factors, and so on.

MR. NOVAK: I want to go back to that last question and break it up to address your objection.

BY MR. NOVAK:

[redacted]

Q. All right. I'd like to turn to one of the attachments in Anda-Brown Deposition Exhibit 13 that begins at the Bates numbers ending with the four digits 3511. And it appears to be a four-page letter that is authored by a Mr. Joseph Rannazzisi, the deputy assistant administrator at the office of diversion control.

Are you familiar with this letter?

A. It was sent to me, so I would -- you know, I would gather at some point I have reviewed it. Again, it was -- 2006 was the date. I certainly didn't review it contemporaneously when -- when -- as to when it was sent out, but, yes, I would have.

And it's been a long time, but I would -- I would think that I have -- I did review this at some point, yes.

Q. Were you at Valley Drug in 2006 -- I'm sorry, at -- at --

A. Harvard?
Q. -- Harvard Drug?
A. I was at Harvard, yes.
Q. Okay. Do you recall receiving this letter while at Harvard Drug?
MS. HERRERA: Objection.
A. I don't recall.
Q. Do you have an understanding as to whether this correspondence was sent to all DEA registrants for controlled substance sales?
MR. MATTHEWS: Objection.
MS. HERRERA: Objection.
A. I -- I don't really have an understanding other than the first sentence of the letter, but I can't validate whether that actually took place or didn't.
Q. Okay. At the third page of the letter ending in Bates range number 3513, there are a number of different circumstances -- or a number of different numbered sentences that are identified under the heading "Circumstances" that might be indicative of diversion.
Do you see that reference?
A. Yes, I do.
Q. Okay. Are these circumstances something

that you reviewed as part of the performance of your responsibilities at Anda?

MR. MATTHEWS: Objection.

A. Let me phrase it this way.

These were items that, when we looked at dispense data and other customer information, these were certainly items that were part of our -- among -- among many other things, were part of our analysis. I'm certainly not going to say that because of this letter we did it.

I mean this -- and at Anda, I mean, frankly, a lot of that was already in place. But certainly this does -- this paragraph does include certain factors and -- and conditions that -- and so on that we would look at through -- in a customer's due diligence information that, you know, would certainly, you know, stand out to us and we would pay particular attention to, among others.

Q. So your due diligence program was designed to identify the types of certain circumstances that are contained at page 3 of this Rannazzisi letter?

MR. MATTHEWS: Objection.

A. Well, again, our -- the -- the information -- the way we reviewed information that was provided by our customers certainly included

these items, but it was -- it was certainly -- that was only -- these were only a certain portion of what we really looked for. We looked for a lot of different things relating to controls.

So, you know, I mean -- and, again, that was one of the reasons, you know, why it's so important for us, and I think for -- for us to get dispense because, you know, how would we know what they're ordering from multiple distributors unless we look at dispense data. You don't know what they're buying from anybody else.

So, again, this was -- these were things that we looked at, but it wasn't due to this letter and it certainly isn't the -- these aren't -- this is not anywhere near the -- the only factors that we reviewed. These were included in our regular due diligence and analysis.

Q. Okay. Running through the top of the page, there are four circumstances that are identified there.

The first is ordering excessive quantities of a limited variety of controlled substances, e.g., ordering only phentermine, hydrocodone, and alprazolam while ordering few, if any, other drugs.

Would you agree that that characterizes a

circumstance that might be indicative of diversion?

A. It depends.

I mean, in general, it would be something we would look very closely at.

On the other hand, I can think of circumstances where maybe, because of the nature of the customer and the people that they're servicing, it may be -- there may be an explanation. I don't know.

But we would certainly -- the burden of proof, so to speak, would certainly be on that customer to be very clear as to why, and -- and it would be -- I would say it would be very, very hard to justify selling controls to a -- to a customer that would be doing that.

Q. Okay.

A. But I didn't want to foreclose that there isn't the remote possibility that there could be a business practice out there where that might make sense, but, again, it's got to be very, very, very clear.

Q. So -- so that is a circumstance that is suspicious, but there may be circumstances that would, upon additional investigation, dispel the suspicious?

MR. MATTHEWS: Objection.

A. It -- it -- let's put -- without -- without significant information to the contrary, we would -- under those circumstances, we would -- if we saw either dispense data to that nature, chances are not very likely we would be opening a customer.

Q. It would be -- it would be tough to dispel the suspicion in that case?

MR. MATTHEWS: Objection.

A. It would be difficult to justify the ordering pattern.

Q. Okay. How about the second one, ordering a limited variety of controlled substances in quantities disproportionate to the quantity of noncontrolled medications ordered?

A. Again, it would definitely be a concern. There might be specialty practices or -- or -- or a specialty type of pharmacy but over -- over time, we did see some pharmacies that really catered to specific medical conditions, specific medical practices, again, maybe closed door, and maybe there was a justification for that.

But, again, in -- in order to, you know, make us comfortable, there would have to be significant information provided.

Q. Okay. The third one identified is -- as a circumstance indicative of diversion is ordering excessive quantities of a limited variety of controlled substances in combination with excessive quantities of lifestyle drugs.

First of all, do you have an understanding as to what lifestyle drugs are?

A. I really don't. I'm not sure myself what that refers to. I'm sure it's an easy explanation, but I don't -- I never use that term so I'm not really sure what that means.

Q. Okay. Well then I'm going to skip that one and go on to the fourth circumstance that is identified in this letter as something that might be indicative of diversion.

And it reads: Ordering the same controlled substance from multiple distributors.

A. It -- again, it certainly is -- it -- it -- it certainly is indicative -- or it would require further investigation.

On the other hand, at this point in time -- and I guess we will shortly, or somewhat shortly, based on the legislation that was signed, distributors will be able to get information from ARCOS that will not name the suppliers but at least

will say they're getting alprazolam from the -- from four sources.

Right now, there is really no way of knowing that unless the customer volunteers that information.

In other words, go back to our questionnaire. And we ask: Who are your suppliers? Who are your other -- you know, let's say they'll say McKesson and ParMed. Let's just use two as an example. And Anda, okay. So you've got three. But unless -- and they give us dispense data.

But unless we were to say, well, do you order -- how much do you order from Cardinal or ABC and how much do you order from ParMed of hydrocodone, it's really not easy to know that. Is it hydrocodone 5 or hydrocodone 10? You order -- you know, hydrocodone 10, you have to go through every product and really ask that question.

And it would be -- I think it would be very difficult to obtain that information.

So, really, you have to almost, you know, make some assumptions based on the information you get that, yeah, they're ordering with these three and how much do they really want? And that's if you're comfortable with the dispense data, if you're

comfortable with the practice, if you're comfortable with the doctors, if you're comfortable with the patient condition, if you're comfortable with their procedures.

Then you might say, well, you know, we're not their primary and they have another secondary so we're probably not going to be interested in supplying them with much but -- of that product.

But to break it down like this, I think is -- in the real world is difficult to really get that information.

Q. Have you ever requested of a potential opioid customer, as part of your due diligence, information on the quantities of opioids they've purchase from other distributors?

A. Well, first of all, we know they're purchasing from other distributors because when they -- when they submit their data to apply and they're dispensing 15 -- you know whatever number they're dispensing -- we know they're getting it from -- we knew they were getting it from others, and we assume they are getting it from the -- the suppliers that they've listed on their questionnaire. So we know that.

You know, do we -- do we ask them, well, how

much are you getting from Cardinal versus how much are you getting from, you know, ParMed, we probably don't do that, no. But we know -- we know how much they're getting total, and we know who their supplier -- their other suppliers are.

Q. Okay. Has Anda ever discussed internally the prospect of going to other data vendors to obtain more detailed information about where their customers are getting opioid prescriptions?

MR. MATTHEWS: Objection.

A. I think -- I -- to my knowledge -- to my knowledge, I don't know of any source that would provide that information with that specificity.

Q. Okay. Has Anda ever sought information about the quantities of opioid products sold to its customers from its parent companies, whether it be Watson or Actavis or Teva or -- I'm missing the fourth one.

A. Well, first of all, except in limited cases, the manufacturer is not selling the product directly to the pharmacy. They're selling it through other distributors.

And one thing that all of these companies maintained -- and I think rightfully so -- was that the integrity of the industry -- I mean, why it

would be -- it would compromise, really, the integrity of the closed system of distribution and also, you know, the information to circumvent, because they happened to open -- because they happened to own one distributor, and they've got seven others that they're supplying and to provide information about those seven others.

They would not do it. It would hurt their place in the industry. They would lose some of those customers. And I think it would be -- you know, I don't think it's realistic that -- that we wouldn't even put them on the spot to answer because their answer would be no.

And let me -- let me be a little more -- let me give a little more -- elaborate on that just a bit.

When it came to auditing or, you know, auditing their customers, which are distributors, in the time I was there, the parent companies, they would treat Anda just like they treated anyone else. They would want our SOPs. They'd want to -- they'd want to understand our systems. They'd want to understand how we -- how we vet customers. They'd want to look at the information we maintained, and they would treat us just like anyone else.

In fact, Tom Napoli, who was included in that -- one of the e-mails was the person who had come, either by phone or by letter or even visit, and say, okay, I need -- I need to understand what you're doing.

So we were treated no differently when it came to compliance issues.

Q. Can I just read that answer for a second?

Set aside Anda receiving information from its parent about sales that the parent may make through other distributors to particular customers. Does Anda ever provide information about sales to customers to other manufacturers?

A. Usually not specific customers; however, there are times, just like -- just like we have -- we have an electronic order system that will -- you know, will flag certain orders of interest that require different -- require additional integrity, we've had cases where manufacturers will call us and say, well, we got this order of hydrocodone that was larger than you've ordered in the past. Why? And we would have to provide a written explanation.

And in many cases, we would say, yes, Walgreens primary was out of this product, and we ordered -- we ordered more for you -- from you

because we needed to supply them with their -- with those items.

Q. In your view, is it inappropriate to provide that type of information to manufacturers?

MR. MATTHEWS: Objection.

A. Just like -- just like we'll ask a customer, well, why did you -- why are -- why do you want -- why did you all of sudden order a particular product that you hadn't ordered before and we're going to want the name of the doctor who prescribed it or the clinic that's ordering, I think they have a right. And, you know, if they're doing their due diligence, I don't -- I don't think that's -- you know, it's the same thing that we do.

I mean, just -- I mean, I used to tell our customers when they were complaining about questionnaires, I said we fill out the same questionnaire for our suppliers every year. And sometimes they'll even come onsite, they'll do whatever they -- but whatever they decide to do, we're -- if we want to continue to buy product from them, we have to do the same thing.

So don't -- don't complain. This is the nature of the industry today.

Q. So in those types of questionnaires, Anda

will provide information with respect to its customers to different manufacturers?

A. Well --

MR. MATTHEWS: Objection.

A. Well, those questionnaires don't ask for specific customers. The questionnaires ask for, in many cases, what percentage of your, let's say, controlled substance are pharmacies, what percentage are closed door, what percentage are hospitals, what percentage are independent pharmacies, which percentage -- they don't ask the names of the customers. Those questionnaires don't ask, and we don't ask.

But if, again, here's -- in a case where it's a specific order that they are investigating and determining if it's valid, yeah, I mean, that -- that would be -- and to be -- to be frank, I don't think there's anybody in the industry that doesn't know that Anda is a secondary supplier for Walgreens, so it's -- there's no proprietary information there.

Q. Do any of Anda's -- strike that.

MR. NOVAK: We can take a quick break.

THE VIDEOGRAPHER: Off the record, 5:01 p.m.

(Recess from 5:01 p.m. until 5:12 p.m.)

THE VIDEOGRAPHER: On the record, 5:12 p.m.

(Anda-Brown Exhibit 14 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked for identification purposes Anda-Brown Deposition Exhibit Number 14, which is comprised of a one-page e-mail bearing the Bates Number Anda_Opioids_MDL 543135, and there is a spreadsheet, an Excel spreadsheet, attached to the e-mail that bears the Anda_Opioids_MDL Number 543136, which we are conveying electronically and we'll also have up on the screen as we proceed with the questioning.

Mr. Brown, Deposition Exhibit Anda-Brown 14 is an e-mail that you authored to various officials at both the Department of Justice and also Anda employees?

MR. MATTHEWS: Sorry. Do you have a copy for me?

MR. NOVAK: Oh.

MS. LUND: I think you handed me two.

MR. MATTHEWS: Oh, my codefendants stole my copy. I apologize.

MS. LUND: In my defense, there's two instead of three.

THE WITNESS: Yes, I see it.

BY MR. NOVAK:

Q. Just so we're clear, this is an e-mail that you authored to the various recipients in the -- that are identified in the "to" line?

A. That is correct.

Q. Okay. And this reflects a list of customers that have been listed as not eligible or shut off?

A. Or reinstated.

Q. Okay. Can you explain to me how you delineate between a customer whose control privileges have been denied, between that category and one who is no longer eligible?

A. Yes. A customer that is denied controls is one who has applied for controls with Anda, first time and they haven't receive controls before, they've asked to purchase controls, and we've said, based on the information that they have -- that they have provided we are not -- we are not comfortable with supplying controls.

A customer who has been cut off is one that has been purchasing controls and for reasons that we -- several reasons, some of which we actually discussed earlier in connection with Exhibit 12, we have decided that we are no longer comfortable

providing controls.

Q. Okay. Why don't we switch screens to the spreadsheet that was attached to your e-mail.

A. And, again, I'll elaborate a little bit for context. This was something that was -- again, it's pursuant to the September 10th, 2014, e-mail that Michael Cochrane sent, and this was submitted every time there was an additional customer added or, in some cases, a -- a suspicious order.

Q. Okay.

A. It's a rolling -- it's -- you know, it's really a rolling list.

Q. So the first tab in the spreadsheet that was attached and is part of Anda-Brown Deposition Exhibit 14 is the customer cutoff tab?

A. Uh-huh.

Q. And these list an array of different Anda customers, many of whom have something denoted in the comments field?

A. Uh-huh.

Q. Now, when something is denoted in the -- in the comments field as it is in this customer cutoff tab, where would that information be extracted in Anda's systems?

A. It would be in the customer notes, in the

TNTPS, because the same information is there. Let me again, just for clarification, it's not that it was -- these are special customers who the notes are there for. This list had been provided on an ongoing basis starting in, like, probably 2011, but based upon our -- we just sent it as is.

During the meeting that we had in September of 2014 that Michael Cochrane references in Exhibit 12, Valerie Mitchell said, look, this list doesn't really help us because it doesn't tell us why.

Now, that was the first time we ever got that feedback, so it isn't as if we ever asked, we're sending this all the time for the three -- previous three years, and we thought we were helping or being proactive with the DEA, and they never said, well, there's a problem or there isn't a problem. They just, okay.

But when she said, you know, it doesn't really help us because we need more explanation, so we agreed starting -- you know, this was September 10, so you'll notice 9/12/14 there's an explanation --

Q. Okay.

A. -- and it goes from there. So I just wanted

to be clear on that.

Q. Let's -- let's look at that line item for 9/12/14 --

A. Uh-huh.

Q. -- which is, I think, line 540 of the customer cutoff section of the spreadsheet. That's for an account whose name is The Health and Beauty, d/b/a Lakeland account, in Ronkonkoma, New York.

A. Uh-huh.

Q. Okay. And then looking at the Anda comments that are in Column I, it states: Eight of the top 10 dispensed pills/tablets are controls, including five strengths of oxycodone, and the customer did not provide an explanation of the reasons for these products being the most highly dispensed.

That would have been taken from the customer notes?

A. The -- well, let me go back. This and -- this sheet and the customer notes are filled in simultaneously.

Q. Okay.

A. So -- and I was the one who did it, so I can explain to you what I did.

Q. Okay.

A. Let's say -- and this one, again, without

seeing the customer file, I don't know exactly what -- what happened. Okay? But somehow or -- we got updated dispense data, I don't know why, don't if it was -- it was just part of the yearly deal or whether it was, you know, they were asking for increase. I don't know what the reason was. We went back and we compared the previous dispense data, and we said, oh, my gosh, this is not good, we're not comfortable.

So I would fill this sheet out, and then I would turn around while -- again, almost simultaneously, push the TPS button and put exactly the same verbiage in. And I would do -- it would just say customer discontinued from controls or customer cut off, reported to DEA. It would have the same notes.

And it would verify that this was on this list -- this e-mail was submitted to the DEA.

Q. Okay. The e-mail that you wrote to the DEA, that's the first page of Anda-Brown 14, states: The most recent determination was not based on the suspicious order but rather information provided by the customer.

A. Uh-huh.

Q. How do you know from looking at the

spreadsheet that this particular pharmacy -- whose name I forgot unless you scroll back -- Health and Beauty d/b/a Lakeland Pharmacy in New York, that's Anda Account Number 741026, how do you know that this wasn't based upon a suspicious order?

A. Because if you go all the way to the end of this sheet, there is a category -- where is it? Hmm.

Oh, all right. I do know why. Because it would have said customer -- it would have specifically stated in that comments Anda -- they attempted to order da da da da da and -- oh, no, there is another tab, "Suspicious Orders." This is "Cut Off," "Denied," "Reinstated," "Suspicious Orders." There's four tabs.

And if it was a suspicious order, it would be under "Suspicious Order."

Q. Is there something in Anda's files with respect to this particular pharmacy that identifies whether they placed orders for controlled substances to Anda?

A. If -- I'm sure they did because they were cut off as opposed to being denied. So at some point they did -- they did have orders for controls.

Q. Okay. Well, if they had orders for controls

and you cut them off because eight of the top ten dispensed pills or tablets are controls, including five strengths of oxycodone, and the customer didn't provide an explanation and the reasons for these products being the most highly dispensed, why weren't they reported as a suspicious order as opposed to simply being reported as a customer who was cut off?

MR. MATTHEWS: Objection.

A. Again, without seeing the file, I can't -- I don't want to speculate, except in most cases where this happened, they were granted control privileges because of the information they had previously provided.

They either sent this data as part of their annual requirement or they sent it because they were asking to purchase something or purchase something in quantities that they hadn't done previously.

Chances are -- I mean, I don't know if -- we may or may not have ever sold them oxycodone or any of these items. When we -- when we agreed to sell them product -- and again, without know -- without seeing the file, I can't really, you know, be specific, but in terms of describing our procedures, it had not -- really wasn't a specific order.

We got this information and we said we don't really care if they never ordered this stuff from us before, we don't like the data that they've provided that is different from the data that they provided to us previously, and we're not comfortable continuing to sell them controls based upon their dispense patterns. It had nothing to do with an order.

Q. How is this distinguished from a controls denied scenario?

A. Controls denied is when they apply -- they have not purchased controls. They're applying to purchase controls and we've said, no, we're denying their -- we are -- we are not allowing them to purchase controls based on the information that they've provided.

Q. Okay. What would I look to in Anda's either TPS system or O drive to determine whether there had been an order submitted by this customer on or about September of 2014?

A. Well, you -- you could look at the TPS. There is ordering history for that customer.

Q. Okay. And the ordering history would demonstrate the different instances in which the customer submitted an order for controlled

substances?

A. Correct.

Q. Okay.

A. I -- I would -- I would say that in the time I was there, most of the determinations that were made, a customer did not often deal -- did not even deal with products, for the most part, that we were providing. It was more to that particular customer, not providing to other people but providing to that customer.

It was -- we looked at the information they were -- they were submitting, and we were not comfortable with their overall either dispense pattern or I'm sure you can find some that says -- especially, well, more under the controls denied than under the cutoff. You know, three -- two of their doctors had discipline actions or -- or what have you, so --

Q. Now, without running through them, because there are a ton of them --

A. Yes, there are.

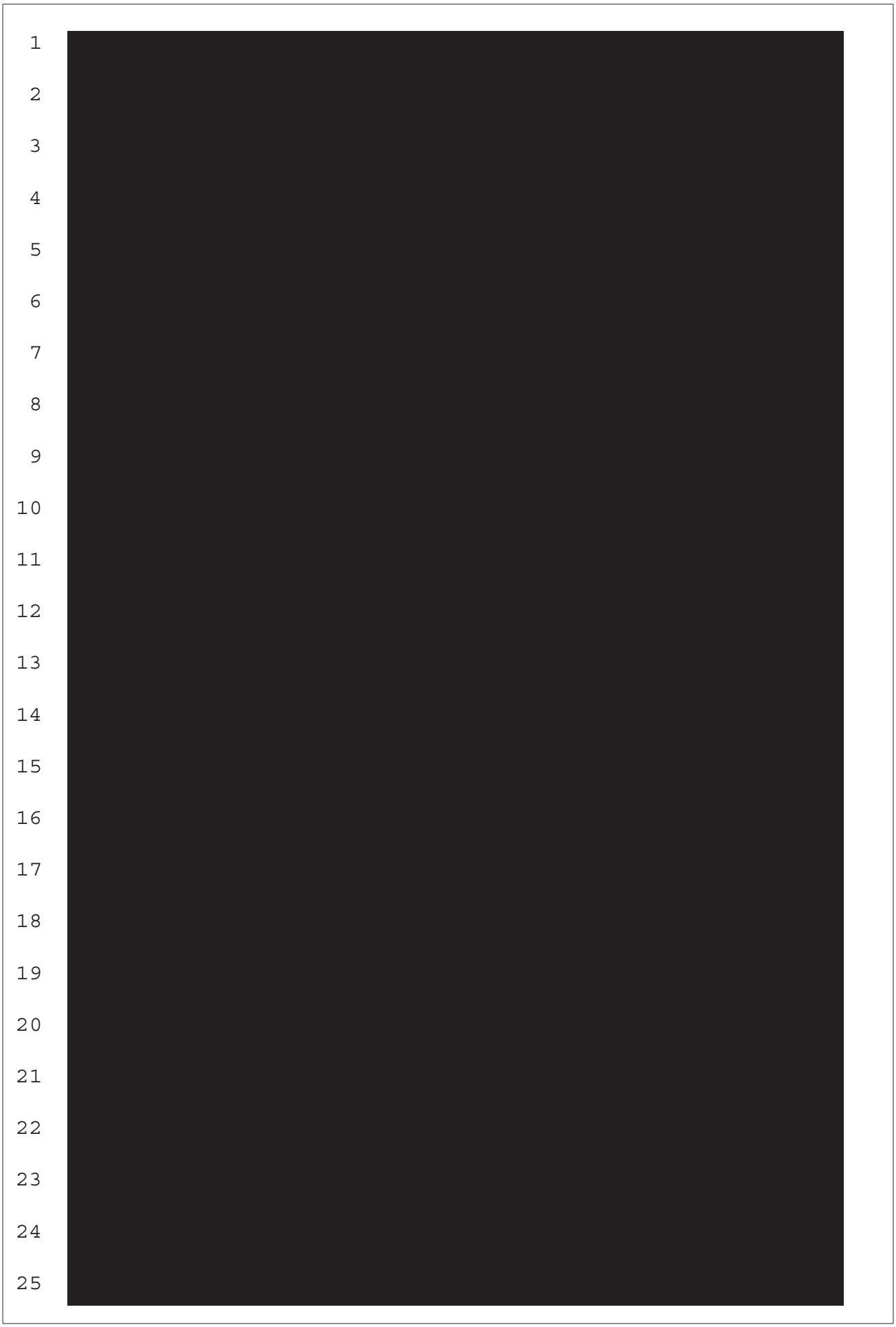
Q. -- the Anda comments in the other -- for -- for the other customers where that field Column I is populated, would those also be taken from customer notes?

A. All the --

MR. MATTHEWS: Objection.

A. Again, to -- just to clarify, if they were done simultaneously. Same notes except in the notes section it would say customer -- you know, whatever -- cut off, here is the reason, and they were reported to DEA, but it was done simultaneously.

It wasn't like, oh, well, I got this out of the notes. No. The determination was made based on the information and it was placed in two places -- or noted in two difference places, this e-mail and then the customer notes.



[redacted]

Q. And you would have their order history with

Anda?

A. Yes.

Q. And you would have a filled out customer questionnaire?

A. Yes.

Q. And you would have a products mix of the percentage of controls being dispensed as compared to noncontrols?

A. Yes.

Q. And you would have a listing of the physicians who were the top prescribers of controlled products at those pharmacies?

A. Yes.

Q. Isn't that enough information to give you some idea as to whether they were engaging in suspicious orders?

A. We don't know --

MR. MATTHEWS: Objection.

A. We have -- we have no idea what each order looked like. We don't know how often they're ordering from other people. We don't know what each order is, consists of. We don't know what -- that what their -- what others -- other companies do in terms of either thresholds or due diligence that they do or anything else.

So unless -- until we can actually see the orders and see the information, what products and each one are they ordering, what percentages, we have no idea. They list three other distributors in their questionnaire. We don't know what they're ordering from each one. But we do know what we see that they're doing overall.

Again, I think we distinguished between -- we don't focus -- in this situation, it's not about a particular order. We don't know if the -- from other people what each particular order is, and that, to me, is -- if it's a suspicious order, it's one order that they put in on August 28th and here's the six products that they ordered and they're different from what they ordered three weeks ago.

That's not what we -- that's not what we're looking at here. We're looking at are we comfortable with this -- this customer -- these customers could have been ordering fine from us. But -- everything was fine, but we don't like what they're dispensing overall.

Q. I -- I didn't ask as to whether what they were ordering from you was fine.

A. I know. I know. I understand.

Q. I was asking whether you thought you

possessed sufficient information to know whether they were engaging in suspicious orders.

MR. MATTHEWS: Objection.

A. You know --

Q. And your position is, based upon all the information that you had in your files, that you didn't know?

A. I don't know.

MR. MATTHEWS: Objection.

A. I don't see the orders. We do not see the individual orders. So without seeing the individual orders that -- from another company. Not -- not -- not the quantities per month or per 90 days or anything else, but the specific order and what -- and what that -- their patterns are, what their frequency is, or what -- whatever it happens to be, we're not in a position to talk about orders from somebody else.

[redacted]

Q. Now, for that pharmacy, you would have a full due diligence file, correct?

A. Yes.

Q. And it would include the physicians that were the lead prescribers, and it would include -- I'm sorry.

Can I get a verbal answer to that question?

A. Yes. Yes.

Q. And it would include the customer questionnaire?

A. Yes.

Q. It would include the dispensing data?

A. Yes.

Q. Both for controlleds and noncontrolleds?

A. Yes.

Q. It would include the average prescription strength?

A. Yes.

Q. And from all of that information, you could not make a determination as to whether a pharmacy that has oxycodone 30 as its highest dispensed pill/tablet by five times the next highest dispensed product, and the next highest product was another oxycodone product, that that wasn't a suspicious

order?

MR. MATTHEWS: Objection.

A. Again, without seeing the specific orders, we don't know what combination. We don't know when. We don't know anything about how they're ordering. There's a difference between an individual order, which we don't see -- we don't see -- we only see individual orders from us -- and what they're dispensing and getting from other people. We don't know in which way they're getting it.

It would be a real presumption to be -- to be able to say, oh, Cardinal, there are -- they're submitting suspicious orders to Cardinal. We can't do that. We have no information to that impact. We're saying what we see and the determination we make, we are not comfortable continuing to sell controls based on their dispense pattern, not on any particular order.

[redacted]

MR. NOVAK: If we can scroll back to the left and take a look at that one for a moment.

Nope, I think you passed it.

A. I see it.

[redacted]

Q. Again, this would be a pharmacy where you have the dispensing data of what they provided to their customers?

A. Yes.

Q. Correct?

You would have the information --

A. Totals. The totals of what they provided. Of overall, to all customers of all pills, et cetera.

Q. Yes.

A. Yes.

Q. Both the controlled products and the noncontrolled products?

A. Correct. Correct.

Q. So you would have the percentages of each?

A. Uh-huh. Yes.

Q. You also would have a list of the top prescribers for the controlled substances?
A. Uh-huh. Yes.
Q. You would have the prescription strengths?
A. Yes.
Q. You would have the average number of pills per prescription?
A. Yes.
Q. And with all of that information, you wouldn't be able to determine whether that pharmacy in Fairfield, Ohio, was engaging in suspicious orders?
MR. MATTHEWS: Objection.
A. Engaging in suspicious orders from other distributors? Ordering from other distributors, suspicious orders? Placing suspicious orders with other distributors?
Q. Yes.
A. No.
MR. MATTHEWS: Objection.
A. We don't -- look, just because oxy -- let me give you an example here.
Oxycodone APAP 10/325 and oxycodone 30, they're the highest dispensed product. Let's say they're at 15 and 12,000. And the next highest

noncontrol is 2,000.

Let's just -- I mean, I'm making up numbers, and of course, I'm making up numbers because I don't have any file in front of me, but, theoretically, that customer could order 1,000 or 2,000 oxycodone 10/325, 2,000 oxy 30, and then order 300 of 20 other noncontrol products, theoretically. I don't know if that hits Cardinal's system or McKesson's system. I don't know how they do that.

Without seeing the order itself -- again, we're talking about specific, individual orders. We're not talking about overall customer eligibility. We're talking about a specific order.

There is no capacity that we would -- without seeing the specific order, one, we can't make that judgment; and, two, we don't know -- it's -- it's another -- it's another -- it's another distributor that we have absolutely no visibility into other than their overall dispense pattern over a 90-day period.

So, no, we would have no ability to say any -- we don't even know what date they order on. How would we be able to say a specific order is suspicious?

We don't know what dates. This is a 90-day.

It could be anywhere within that 90-day period they're ordering this, and we don't know what other products they're ordering with it.

So, no, we -- that's -- that's just not something we would ever be able to do, and neither would Cardinal be able to look at that same information and say, oh, they're ordering suspicious -- they're submitting suspicious orders to Anda. They can't do it. It's just not possible based on being able to see specific orders, because we can't.

We don't see theirs, and they don't see ours. We see cumulative -- cumulative information.

Q. Okay. If there were a pharmacy sitting in Cleveland in Ohio that dispensed a million oxycodone 30 pills and the only other thing they dispensed was a bottle of aspirin on an every month basis, if those orders were being placed by someone else -- with someone else, except for the aspirin that they bought from Anda, is it your view that you would be unable to determine whether they were placing suspicious orders?

MR. MATTHEWS: Objection.

A. Again, we are notifying the DEA of a customer that we are not comfortable with based on

the information that we have, based on the information that we've received, and we're telling them, one, we're not selling to them; two, this is the reason why, and we have concerns.

But I don't think there's any -- aside from the inability, unless you can show me some statutory, regulatory, or advisory document that would either require or -- or suggest that one distributor would tell about -- would go to the DEA and say they're ordering -- they're -- and they're making suspicious orders from another distributor, that's -- I just never heard that before, and I don't -- I just don't think it's -- it's within the purview of the industry or it's ever been contemplated that that would happen.

Q. And you've never heard of another distributor under similar circumstances reporting on suspicious orders from another distributor?

MR. MATTHEWS: Objection.

MS. CHARLES: Objection; form.

A. I've never heard of that, and I don't know how they could because they don't know what the order is. You're talking about a specific -- when you're doing that, you're talking about reporting a specific order, and without knowing what that order

is, that specific order, it's -- I don't see how anyone would be able to do that.

Q. So the entire industry could have information about a particular pharmacy that's dispensing absurd amounts of OxyContin or other controlled substances, and your position is the only one that would be able to report them for a controlled substance or a suspicious order is the one for whom they placed the order with?

MR. MATTHEWS: Objection.

A. That's the only one that knows what the order is, and the DEA knows because they get the ARCOS data.

We were saying we have a concern about this customer. Again, we've ceased doing business with them, and we've gone to the DEA and said we have a concern. And they see the ARCOS reports; they see who's -- what they're ordering from other people; and they see the individual orders.

I think we went, you know, pretty far in terms of our responsibility. We're not selling and we're reporting them. And to me -- and my own -- my own view, I think it's a lot more valuable to support a customer -- to report a customer than it is maybe one particular or two particular orders.

I mean, whether or not Cardinal reported them, I'm not sure it really matters. The DEA has been on notice that this is a bad customer in our mind, and this is why.

Q. But not through a suspicious order report?

A. No.

MR. MATTHEWS: Objection.

A. No.

When we had suspicion -- when we had orders that we considered suspicious, we reported it as an order. But for the vast majority, it was customers.

[redacted]

Q. Okay. And what was it about these orders that drew you to the conclusion that they were suspicious?

A. It was the -- it was the items that they were ordering, the quantities that they were ordering, the combinations that they were ordering. My guess is they probably didn't -- yeah, and -- and I don't know if they ordered those before or not. I'd have to see.

But it was the -- it was the items in the -- in two of the cases, it was the combination. And in the other cases, it was the actual item. And in the

other case, it was hydrocodone that was larger than the previous order and we -- we -- my guess is on that one we might have -- we might have asked for an explanation and we didn't get it. So we didn't get it within 24 hours, the order was deleted, reported as suspicious, and the customer was cut off.

MR. MATTHEWS: How are we doing on time?

THE COURT REPORTER: Six hours and 19 minutes on the record.

(Anda-Brown Exhibit 15 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked for identification purposes Anda-Brown Deposition Exhibit 19.

MR. MATTHEWS: 15?

MR. NOVAK: Oh, okay. Sorry. 15.

THE COURT REPORTER: Tricked you. Sorry about that.

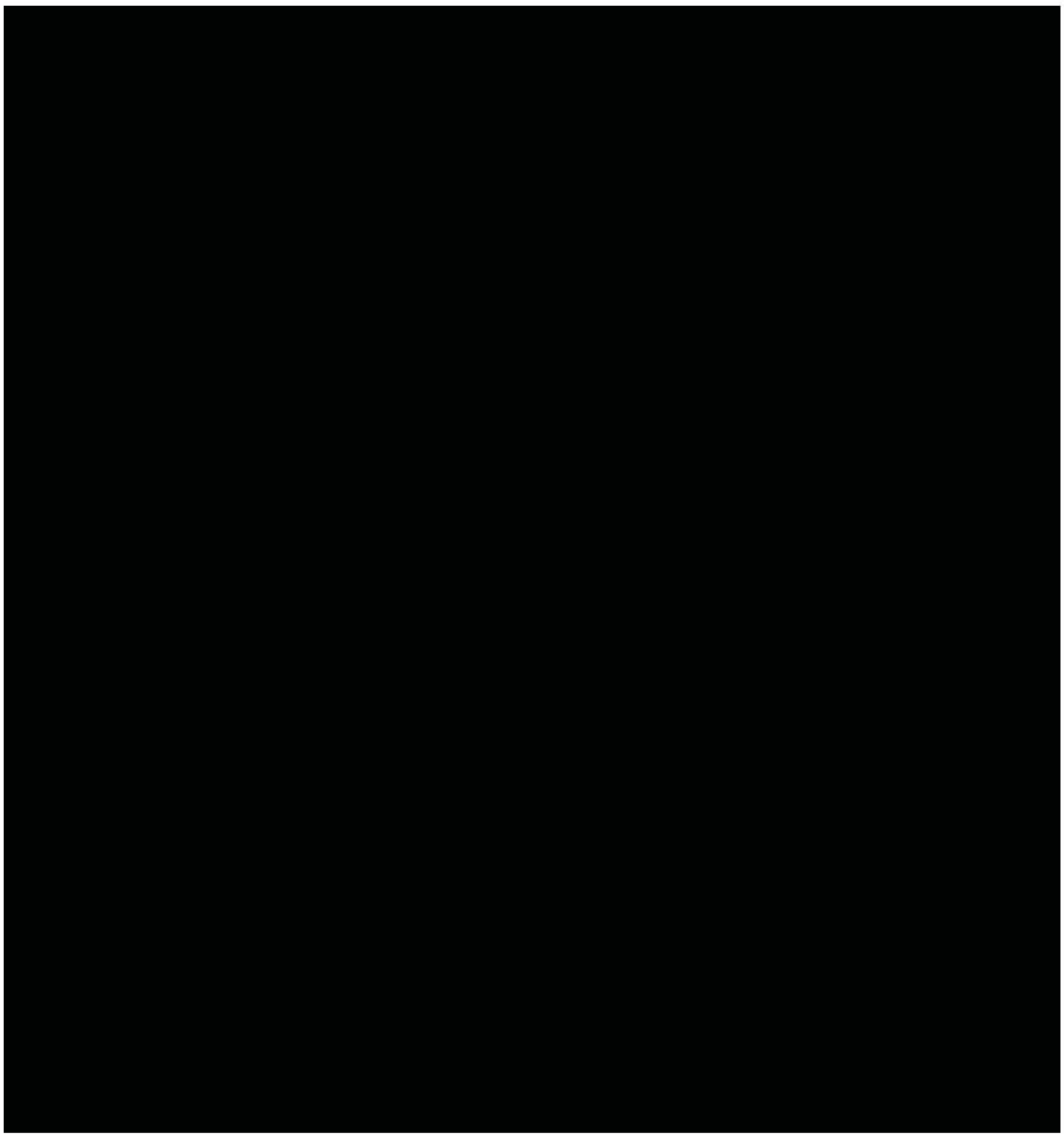
BY MR. NOVAK:

[redacted]

Q. Okay. So you participated in the present -- or in the preparation --

A. Yes.

[redacted]



Q. Okay. And it sets out both you as the director of compliance and Emily Schultz as the associate direct -- director of regulatory compliance?

A. Yes.

Q. And as of this time, you had five employees that reported to you?

A. Yes.

Q. And they were James Gatto, Latoya Samuels,

Mary Barber, John Kincaide, and Tasha Campbell?

A. That is correct.

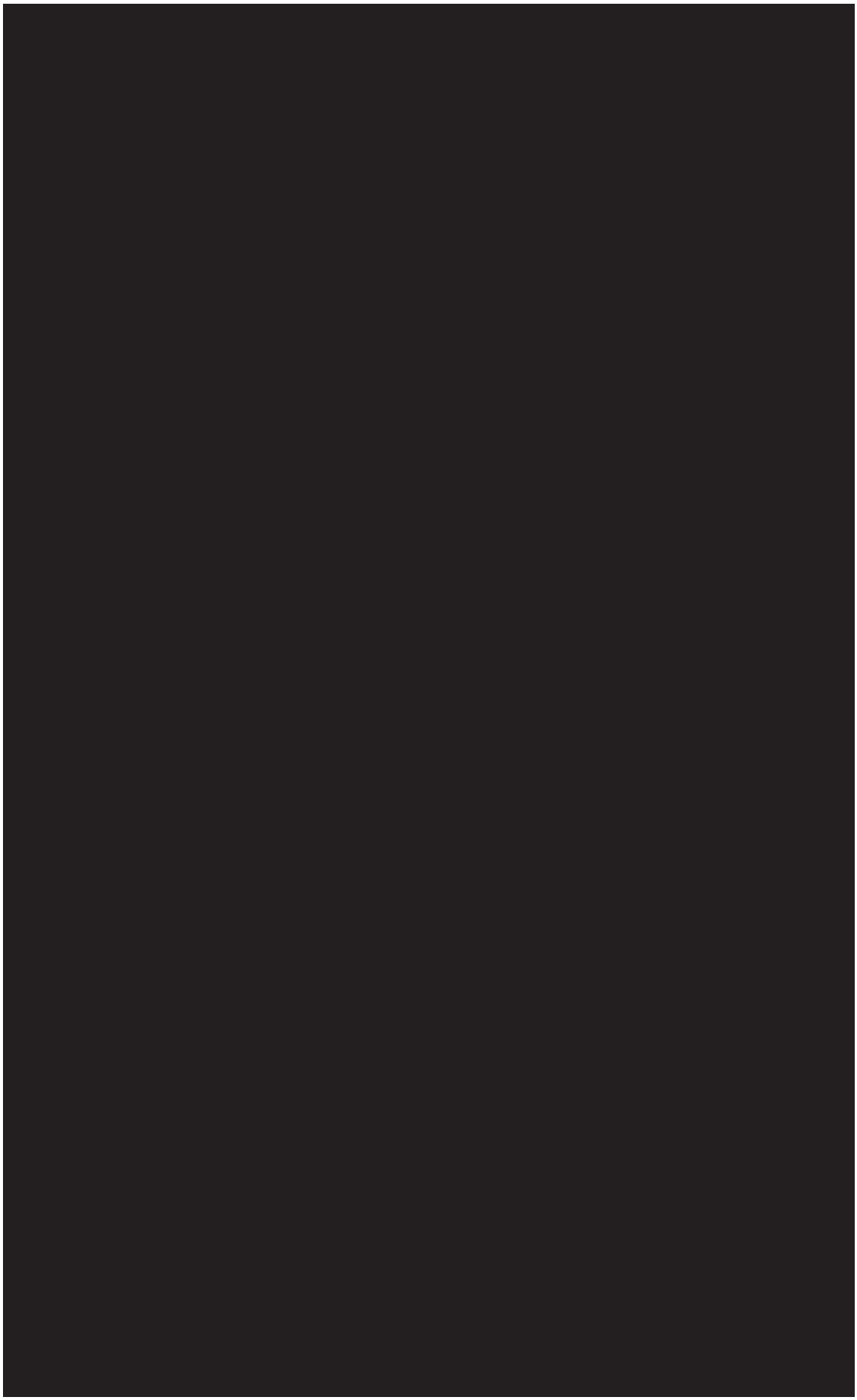
Q. Okay. And the individuals who were tasked with performing the due diligence on transactions and new customer applications for controlled substances would have been these five individuals in addition to yourself?

A. That is correct.

[redacted]

MR. MATTHEWS: Objection.

[redacted]



Q. On the dispensing data that we reviewed for the -- for the various customers on the cut-off list that Anda submitted to the Department of Justice, what prevented you from coming to the conclusion that those customers had engaged in orders deviating from a normal pattern?

MR. MATTHEWS: Objection.

A. They may not have been our orders. They may not have been from us. I don't know that. Without looking at the customer's actual history, I don't know if their orders from us deviated in any way. I don't know what they were ordering from us.

That's -- those are -- those conclusions summarized the top products that they were dispensing, period. We don't -- I don't -- without -- without having that customer file in front of me and all the information we look at, I would have no way of knowing what they -- what they ordered from us.

Q. I didn't ask about whether they ordered it from you. I asked simply whether you possess sufficient information to conclude that they were engaging in orders deviating from a normal pattern.

MR. MATTHEWS: Objection.

A. Again, as we discussed earlier, the only way I would know that -- the only orders I can see are what they were ordering from us. And without seeing their order history, I would have no idea if they were deviating from a pattern or not.

[redacted]

Q. Okay. So between the six of you, you would have been responsible for approximately 4,333 orders apiece if you were just divvying them up equally among the six?

A. If that was the case, yes.

Q. Over a six-month period?

A. Over a six-month period.

Q. So 722 orders a month apiece for each of the compliance members?

A. If that's what the math -- if that's what the math averages out to, yes.

Q. Okay. And the due diligence that would be performed for roughly 722 orders that were held per person in -- in your compliance team, those would be all of the due diligence steps that we reviewed in SOP 40?

A. That's correct.

Q. I think that's all I have for Anda-Brown 15.

MR. NOVAK: Do you want to take a quick break?

THE VIDEOGRAPHER: Off the record, 6:03 p.m.

(Recess from 6:03 p.m. until 6:14 p.m.)

THE VIDEOGRAPHER: On the record, 6:14 p.m.

(Anda-Brown Exhibit 16 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked for identification purposes Deposition Exhibit 16, which is comprised of an e-mail -- a two-page e-mail -- or I should say an exchange of e-mails -- between Vicki Mangus and various people within Anda and then Robert Brown who apparently forwarded the e-mail to Michael Cochrane.

A. Just -- just to clarify, the people that it's -- that it is to, her e-mail, are all -- all Walgreens people. The only other Anda person other than myself who is cc'd is Bill Versosky. Everyone else that -- the line "to," those are all -- those are all people from Walgreens.

Q. Okay. What is Vicki Mangus' position within Anda?

A. At that time or now?

Q. At that time.

A. National Account Manager.

Q. And what was Mr. Versosky's responsibility?

A. He was Vice President of Sales.

Q. Okay.

A. So Vicki reported to him.

[redacted]

[redacted]

[redacted]

[redacted]

Q. Okay. During the time that you were at Anda, did you ever report Walgreens to the DEA as having specific stores for which you refused controls?

A. There were stores that we did not -- I'm trying to remember if we actually -- I mean, I know there were stores that we -- we failed -- that we refused to -- to service. But, to tell you the truth, I can't recall if they were actually reported to the DEA.

At the time, very, very frankly, I was not running that report. I kind of took that over in 2014. So I don't really -- I just don't remember if

that was the case.

Q. When you say "the report" in that answer, you're referring to the report that was made to the DEA?

A. Correct.

Q. The one that, after September 10 of 2014, you were identified as being responsible for, at least separately supporting the suspicious orders?

A. Well, yeah. I mean, as -- I was the one who -- after September 10th, I was the one who did it all. It just made more sense. So I did -- I just included those -- included the additional information points, but I was the one who took over that report.

Q. Who was it prior to September 10 of 2014 --

A. Emily Schultz.

Q. -- that prepared those reports?

A. Oh, I'm sorry.

Emily Schultz.

Q. Okay. And -- and you don't recall whether there were any Walgreens stores that were ever reported to the DEA as -- as stores that you had cut off?

A. Well, we had -- no. You mean denied, not cut off.

Q. Okay. Denied.

A. I don't recall.

Q. How about cut off?

A. We -- I -- to my -- to my knowledge, we didn't cut them -- we didn't cut stores off. We got data on a regular basis, but we did not cut them off. And part of the reason was that -- let's see.

This was November 20, 2012. By the time we really started servicing these stores in -- in 2000 -- full blast, 2013, they had a full -- they didn't have a full compliance team, but they had a full compliance team. And what did they call it?

They had a program that they used for all stores. Oh, shoot. I know it's -- I know I've had it. It's something about proper dispensing practices. They called it -- it was actually where each store had to fill out the information in order for -- in order for their own -- in order for their own compliance department to approve them to even come to us for -- for controls.

I mean -- I mean, they wouldn't -- if they weren't -- if they weren't doing the proper practices, they wouldn't even allow them to buy from us.

I'm trying to remember what they called it.

Vicki would probably know, and I just can't recall what it was.

[redacted]

[redacted]

Q. Okay. So there were a number of Walgreens stores, then, that you decided not to service?

A. At that time, yes. And, again, it -- I believe again that they underwent, in the next six, eight months, significant changes in their -- in their compliance, in their -- in their review store by store.

And I think that, if I recall, that a lot of the stores underwent significant changes in their dispense patterns.

Q. So your refusal to provide controls to a number of the stores back at that time would be recorded as controls denied in the spreadsheets that you maintained for the different companies?

A. Actually, there were spreadsheets, but because -- this was frankly -- frankly, this particular exercise, so to speak, was not I'm -- I want to -- I want to get controls.

It was we're looking to Anda, would you service us, so we're going to -- we're going to give you preliminary information to see if you would even consider servicing Walgreens and tell us does it

even make sense. Because if you reject enough of our stores and you're telling us you'll never service us, we'll go somewhere else.

So it wasn't like, oh, I'm applying for controls. It was like -- it was like two steps before I'm applying for controls. We want -- we want you -- we know -- you know, we know compliance has to approve these. Before we go too far down the line and look at any contracts or look at any business arrangements, we want to see what -- what would even happen here based on our current status.

And so we're going to give you information that we normally don't share, but we're going to give it and you tell us what -- what you think.

Q. So they provided preliminary information to Anda --

A. Yes.

Q. -- to get a gut reaction as to whether they would have compliance issues based on their dispensing data?

A. Correct.

MR. MATTHEWS: Objection.

A. Yes. That's --

[redacted]

Q. Okay. For purposes of reviewing the due diligence that was performed for Walgreens stores once they ultimately received control authorization, those would similarly be contained in the same places that we've talked about for the other retail pharmacies?

MR. MATTHEWS: Objection.

A. To my knowledge -- and, again, I haven't

been there in a couple of years -- but we did retain Walgreens' individual store data, store-by-store store information in the O drive under Walgreens.

Q. Okay. So there is dispensing data in the O drive. There is maybe a modified customer questionnaire to reflect the fact that it's a big chain?

A. Yes.

Q. And then all of the other information that we've gone through that would comply with SOP 28, SOP 40, and SOP 45, would be compiled and retained for Walgreens?

A. Yes. I'll just make one note: They had the same procedures for every store, so we didn't get thousands of copies --

Q. Right.

A. -- of the same one.

And, frankly, pretty much every Walgreens looks the same inside, so we didn't get pictures of each store, of each Walgreens. So we got -- we did get pictures of what a Walgreens store looked like, but we didn't get 8,000 or however many there were because they pretty much do look alike.

Q. Have you ever -- to your knowledge, has Anda ever submitted a suspicious order report to the FDA

for any chain pharmacy?

A. Did you say FDA or DEA?

Q. DEA. Thank you.

A. There is one for Bi-Mart that was on there, yes.

Q. Okay. Other than the Bi-Mart one, any for Walgreens?

A. Not to my knowledge, no. No, I don't recall any.

Q. Any for Publix?

A. No.

If I may add, in the times we met with the DEA, they told us Publix is the -- like a gold standard for -- for how they handle controlled substances.

And, as I mentioned, even in our exit interview in 2015, the DEA representative said, you know, you don't even need due diligence on the Moffitt Center. You know what they do. And we just want to make sure that good patients who need controls that really have conditions that warrant it are getting it and they're not held up because, you know, they're being denied to legitimate patients.

And they used that as an example.

Q. We've gone through a number of different

databases or portals that are used by Anda.

One that we haven't touched upon. Have you heard of the Cognos system?

A. Yeah. I didn't use it that much. I think -- I think other people did for data -- for data -- you know, for -- for like doing reports. I didn't really do reports. That was, like I say, mostly Sabrina and Latoya. But they did use Cognos, you know, to, you know, capture historic data, either cumulate it, break it out, et cetera.

Q. Okay. What -- what is Cognos? I don't even know.

A. It's -- it's a -- it's a -- it's data repository. And, frankly, I can't really tell -- I can't really tell you much about it because I didn't really use it on a daily basis. I don't think I -- I'm trying to remember myself how it -- how I -- I don't think I -- I don't think I used it very much.

Q. And what was the purpose that they used it for?

A. They used it to file reports.

So, for example, the report that I -- that Sabrina sent me about the customers, the one that we referred to earlier, she -- she might have -- how many -- you know, what do they -- what do they

order, what's the percentage of controls, what they've done.

And she was able to utilize that to get, you know, historic data, cumulative data, things of that nature.

Q. Okay.

MR. NOVAK: Take a quick break.

THE VIDEOGRAPHER: Off the record, 6:33 p.m.

(Recess from 6:33 p.m. until 6:37 p.m.)

THE VIDEOGRAPHER: On the record, 6:37 p.m.

BY MR. NOVAK:

Q. Mr. Brown, when did you leave Anda?

A. January 2017.

Q. Okay. What were the circumstances that led to your departure?

A. Following the purchase of -- of Anda by Teva, Teva announced that they would require significant position reductions throughout their -- all of their entities, and I think they were shooting for 25 percent reduction in -- in the workforce. And so Anda was one of those that -- that really -- it was affected and my position was eliminated.

Q. Okay.

A. Along with other members of the compliance

department as well.

Q. All right. Do you have an understanding as to what the compliance staffing for the suspicious order monitoring is for Anda today?

A. I -- I don't.

Q. Do you know how many employees they have?

A. I really don't. I don't know if they've -- I mean, when I left, I mean, there were -- of the six -- of the six dedicated people, three were left, but I don't know if they've, you know, they had -- if they -- if they mingled the two facets, the licensing and suspicious order, and they have some people who are working on that. So I really don't know. I don't know how that worked.

Q. Okay.

MR. NOVAK: That's all I have.

MR. MATTHEWS: Anyone have anything?

I actually have a few questions.

Do I need to move?

THE VIDEOGRAPHER: That's up to you.

MR. MATTHEWS: I'm going to stay here.

CROSS-EXAMINATION

BY MR. MATTHEWS:

Q. Mr. Brown, I want to follow up on a few questions. My name is James Matthews, as you know.

I represent you at this deposition today, and I represent Anda. I have a few questions I want to follow up on.

Early in the day, you were asked some questions about the know your customer idea, and you used the word "required" with respect to the know your customer diligence.

Could you explain how you meant the word "required" with respect to know your customer?

A. We were advised in -- in face-to-face meetings with our DEA representatives here in Florida and at DEA conferences that there was an expectation that a registrant would -- would know who they're selling controls to. There is certainly nothing in any statute or -- or regulation that sets -- that uses -- that either uses that language or sets it as a requirement.

Q. Also during the day you were asked some questions about reports submitted by Anda to DEA which listed, among other things, customers that Anda had denied controlled substances sales to or had cut off.

And you mentioned, do you recall, that one of the DEA agents that you met with told you that those reports were not helpful.

Do you remember that testimony?

MR. NOVAK: Objection.

A. Yes. Yes.

Q. Okay. Would you explain what you meant when you testified that DEA agents told you those reports were not helpful?

MR. NOVAK: Objection.

A. Well, specifically in our September 2014 meeting, we were discussing with all of the DEA representatives who were present of the different aspects of our customer due diligence, suspicious order monitoring, et cetera, our entire compliance program. And we said among those are -- as we've been reporting for quite some time on customers who were either cut off or denied or, in fact, reinstated.

And Valerie Mitchell said, well, it would be a lot more helpful if you would include the reasons. We -- we don't really have the ability to utilize those as much if -- but we would -- it would be much -- we don't have the ability to utilize them in their present format, but if you included additional specific information, it would be -- it would be helpful.

Q. Was it your understanding that DEA was

dissatisfied with the reports?

MR. NOVAK: Objection.

A. No.

Q. Was it your understanding that DEA believed, or Ms. Mitchell in particular believed, that the reports were inadequate in any respect?

MR. NOVAK: Objection.

A. No.

Q. With that in mind -- withdrawn.

MR. MATTHEWS: I don't have any further questions.

MR. NOVAK: I think we're done.

MR. MATTHEWS: Great.

THE WITNESS: How much time was left?

THE VIDEOGRAPHER: Off the record, 6:43 p.m.

(Whereupon, the deposition concluded at 6:43 p.m.)

C E R T I F I C A T E

I, SUSAN D. WASILEWSKI, Registered Professional Reporter, Certified Realtime Reporter and Certified Realtime Captioner, do hereby certify that, pursuant to notice, the deposition of ROBERT BROWN was duly taken on Monday, December 3, 2018, at 9:26 a.m. before me.

The said ROBERT BROWN was duly sworn by me according to law to tell the truth, the whole truth and nothing but the truth and thereupon did testify as set forth in the above transcript of testimony. The testimony was taken down stenographically by me. I do further certify that the above deposition is full, complete, and a true record of all the testimony given by the said witness, and that a review of the transcript was requested.

_____

Susan D. Wasilewski, RPR, CRR, CCP, CMRS, FPR, CCR

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After doing so, please sign the errata sheet and date it. It will be attached to your deposition.

It is imperative that you return the original errata sheet to the deposing attorney within thirty (30) days of receipt of the deposition transcript by you. If you fail to do so, the deposition transcript may be deemed to be accurate and may be used in court.

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ACKNOWLEDGMENT OF DEPONENT

I, _____, do hereby acknowledge that I have read the foregoing pages, 1 through 278, and that the same is a correct transcription of the answers given by me to the questions therein propounded, except for the corrections or changes in form or substance, if any, noted in the attached Errata Sheet.

_____ _____

ROBERT BROWN DATE

Subscribed and sworn to before me this

____ day of _____, 20___.

My Commission expires: _____

_____

Notary Public

LAWYER'S NOTES

PAGE LINE